54

STANDING COMMITTEE ON FINANCE
(2022-23)

SEVENTEENTH LOK SABHA

MINISTRY OF FINANCE
(DEPARTMENTS OF ECONOMIC AFFAIRS, EXPENDITURE, FINANCIAL SERVICES, PUBLIC ENTERPRISES AND INVESTMENT & PUBLIC ASSET MANAGEMENT)

DEMANDS FOR GRANTS
(2023-24)

FIFTY-FOURTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

March, 2023 / Phalguna, 1944 (Saka)

FIFTY-FOURTH REPORT

STANDING COMMITTEE ON FINANCE
(2022-23)

(SEVENTEENTH LOK SABHA)

MINISTRY OF FINANCE
(DEPARTMENTS OF ECONOMIC AFFAIRS, EXPENDITURE, FINANCIAL SERVICES, PUBLIC ENTERPRISES AND INVESTMENT & PUBLIC ASSET MANAGEMENT)

DEMANDS FOR GRANTS

(2023-24)

Presented to Lok Sabha on ...23.... March, 2023

Laid in Rajya Sabha on ..23.. March, 2023

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

March, 2023 / Phalguna, 1944 (Saka)

CONTENTS

PART - I

PART - II

ANNEXURES

Minutes of the Sittings held on 01 March, 2023 and 15 March, 2023

COMPOSITION OF STANDING COMMITTEE ON FINANCE (2022-23)

Shri Jayant Sinha - Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Sukhbir Singh Badal
4. Shri Subhash Chandra Baheria
5. Dr. Subhash Ramrao Bhamre
6. Smt. Sunita Duggal
7. Shri Gaurav Gogoi
8. Shri Sudheer Gupta
9. Shri Manoj Kishorbhai Kotak
10. Shri Pinaki Misra
11. Shri Hemant Shriram Patil
12. Shri Ravi Shankar Prasad
13. Shri Nama Nageshwara Rao
14. Prof. Sougata Ray
15. Shri P.V. Midhun Reddy
16. Shri Gopal Chinayya Shetty
17. Shri Parvesh Sahib Singh
18. Dr. (Prof) Kirit Premjibhai Solanki
19. Shri Manish Tewari
20. Shri Balashowry Vallabbhaneni
21. Shri Rajesh Verma

RAJYA SABHA

22. Dr. Radha Mohan Das Agarwal
23. Shri Raghav Chadha
24. Shri P. Chidambaram
25. Shri Damodar Rao Divakonda
26. Shri Ryaga Krishnaiah
27. Shri Sushil Kumar Modi
28. Dr.Amar Patnaik
29. Dr. C.M. Ramesh
30. Shri G.V.L. Narasimha Rao
31. Vacant*

SECRETARIAT

1.	Shri Siddharth Mahajan	- Joint Secretary
2.	Shri Ramkumar Suryanarayanan	- Director
3.	Shri Kulmohan Singh Arora	- Additional Director
4.	Ms. Yugma Malik	- Committee Officer

---

*Dr. Manmohan Singh resigned from the Committee w.e.f. 9th February, 2023.

INTRODUCTION

I, the Chairperson, of the Standing Committee on Finance, having been authorised by the Committee, present this Fifty-Fourth Report (Seventeenth Lok Sabha) on 'Demands for Grants (2023-24)' of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment and Public Asset Management).

2. The Demands for Grants (2023-24) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment and Public Asset Management) were laid on the Table of the House on 8 February, 2023 under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took oral evidence of the representatives of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment and Public Asset Management) on 01 March, 2023. The Committee wish to express their thanks to the representatives of the Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment and Public Asset Management for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2023-24).

4. The Committee considered and adopted this Report at their Sitting held on 15 March, 2023.

5. For facility of reference, the Observations / Recommendations of the Committee have been printed in bold at the end of the Report.

New Delhi;
15 March, 2023
24 Phalguna, 1944 (Saka)

SHRI JAYANT SINHA,
Chairperson
Standing Committee on Finance

REPORT

PART I

I. INTRODUCTORY

The Ministry of Finance is responsible for the administration of the finances of the Central Government. It is concerned with economic and financial matters affecting the country as a whole. It mobilizes resources for development, regulates expenditure of the Central Government and deals with transfer of resources to States. It works with other Ministries/ Departments, States/ UTs, Reserve Banks of India, Public Financial Institutions, and other stake holders for evolving policies for economic development, setting priorities for expenditure, seeking Parliamentary approval to the Budget and ensuring propriety in utilisation of funds. The Ministry has strategic associations with multilateral agencies and foreign Governments. The Ministry administers the following thirteen Demands:

DEMAND NO.	DEPARTMENT
30	Department of Economic Affairs
31	Department of Expenditure
32	Department of Financial Services
33	Department of Public Enterprises
34	Department of Investment and Public Asset Management
35	Department of Revenue
36	Direct Taxes
37	Indirect Taxes
38	Indian Audit and Accounts Department
39	Appropriation- Interest Payments
40	Appropriation- Repayment of Debt
41	Pensions
42	Transfer to States

1.2. Demand no. viz; 35,36 and 37 pertaining to Department of Revenue, Direct Taxes and Indirect Taxes respectively are examined and reported separately by the Committee since 1998-99.

II MANDATE OF THE DEPARTMENTS OF ECONOMIC AFFAIRS (Demand no. 30), EXPENDITURE (Demand no. 31), FINANCIAL SERVICES (Demand no. 32) PUBLIC ENTERPRISES (Demand no. 33) and INVESTMENT AND PUBLIC ASSET MANAGEMENT (Demand no. 34)

Department of Economic Affairs

Demand No. 30

The Department of Economic Affairs formulates and monitors the country's economic policies and programmes having a bearing on domestic and international aspects of economic management. One of the principal responsibilities of this Department is the preparation of the Annual Union Budget and the Economic Survey. The Department of Economic Affairs has fifteen main divisions.Some of the key functions of the divisions are highlighted briefly in the following paragraphs:

(1) Economic Division

2.2 The Economic Division tenders expert advice to the Government on important issues of economic policy. The Division monitors economic developments-domestic and external and advises on policy measures relating to macro management including agriculture, industry and infrastructure sectors of the economy. As part of its regular activities, the Economic Division brings out the Economic Survey annually, which is laid before both the Houses of Parliament one day before the presentation of the Union Budget.

2.3 The Economic Survey provides a comprehensive overview of important developments in the economy. It also analyses recent economic trends and provides an in-depth appraisal of policies. Further, the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the Ministry of Finance to review every quarter the trends in Receipts and Expenditure in relation to the Budget and lay it before both the Houses of Parliament. In addition, at the end of first quarter and third quarter a Macro-Economic backdrop statement is prepared and provided to the Budget Division for incorporating in the review of quarterly receipts and expenditure.

2.4 The Economic Division also brings out the Economic and the Functional Classification of the Central Government's Budget, which is circulated among Hon'ble Members of Parliament.

(2) Budget Division

2.5 Budget Division is responsible for the preparation of and submission to the Parliament, the Annual Budget as well as Supplementary and Excess Demands for Grants of the Central Government and of States under President's Rule. The Division also deals with issues relating to Public Debt, Market Loans of the Central Government and State Government's borrowing and lending, guarantees given by the Government of India and the administration of Contingency Fund of India. The responsibility of the Division also extends to regulate the flow of expenditure by processing proposals from other Ministries/ Departments for re-appropriation of savings in a Grant where prior approval of the Ministry of Finance is required. The Division also handles the issues pertaining to National Savings Institute (NSI), Small Savings Schemes and National Defense Fund. The work relating to Treasurer, Charitable Endowment is also handled in the Budget Division.

(3) Financial Markets Division

2.6 Policy Developments

a) Primary Market Section

Towards developing and strengthening an investor friendly securities market, Government, in consultation with the regulator, has been taking a number of transformative steps:

b) Secondary Market Section

i. Stamp Duty Reforms – Amendments to the Indian Stamp Act 1899

c) Commodity Derivatives Section

i. Unified Exchanges

2.7 After allowing for integration of commodity derivatives market with equity market at the level of intermediaries/ brokers, integration has been facilitated at the level of

Exchanges from October 2018 onwards. BSE so far has launched commodity derivatives contracts for gold, silver, crude oil, copper, guar gum, guar seed and cotton and NSE has launched contracts for gold, silver and crude oil.

(4) Financial Stability and Cyber Security

2.8 With a view to strengthening and institutionalizing the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development, the Financial Stability and Development Council (FSDC) was set up by the Government as the apex level forum in December 2010. The Chairman of the Council is the Finance Minister. Its members include Minister of State in charge of DEA, the Heads of financial sector Regulators and Secretaries of the selected Ministries/Departments of the Government of India. During the year 2018-19, vide Gazette Notification dated May 23, 2018, the membership of FSDC has been expanded to include: (i) Minister of State in-charge-of DEA; (ii) Secretary, Department of Revenue (DoR); and (iii) Secretary, Ministry of Electronics and Information Technology (MeitY).

(5) Financial Sector Reforms and Legislation Division

2.9 The Financial Sector Legislative Reforms Commission (FSLRC), set up on 24th March, 2011 for rewriting the financial sector laws to bring them in harmony with the current requirements, submitted its Report to the Government on 22nd March, 2013. The Report is in two parts: Volume I titled "Analysis and Recommendations" and Volume II titled "Draft Law" consisting of the draft Indian Financial Code (IFC). The Commission, *inter alia*, recommended a non-sectoral, principle-based legislative architecture for the financial sector, by restructuring existing regulatory agencies and creating new agencies, wherever needed, for better governance and accountability.

(6) Infrastructure Policy & Planning Division

2.10 The Division has the following Units: Infrastructure Finance (Infra-Fin), Infrastructure Policy & Programme (IPP), Energy Sector Policies & Programmes (ESPP) and Public Private the rule of law in India. Besides, several such cases of economic offences also involve non-repayment of bank loans thereby, worsening the financial health of the banking sector in India. The pre-existing civil and criminal provisions in law were inadequate to deal with the severity of the problem.

(7) Investment and Digital Economy Division

2.11 Since the abolition of FIPB and transfer of the coordination function to Department of Promotion of Industry and Internal Trade (DPIIT), the function of this section has been downsized to provide policy support on Foreign Investment policies, besides FDI policy clarifications & related matters, with specific reference to "Other financial services" sector entrusted to DEA. This Section primarily co-ordinates with DPIIT on foreign investment issues and also offers comments / suggestions on any amendment in FDI policy as per need of the Indian economy. It also suggests measures for improving investment environment in India with respect to FDI policy. It also takes inputs from DFS, RBI, SEBI, PFRDA, IRDAI, etc., while processing FDI applications.

(8) Administration Division

2.12 Administration Division is responsible for personnel and office administration, implementation of Official Language policy of the Government, implementation of the Right to Information Act, 2005, Grants-in-aid, redressal of public grievances, training of officials, Record Retention Schedule, Complaints Committee on Sexual Harassment of Women Employees etc.

(9) Coin & Currency Division-Currency Section

2.13 All policy issues and matters relating to design, form and material of currency notes/banknotes including security features, production planning of printing of currency notes and other security documents. Others include currency related legislation, indigenization of bank notes production items, distribute/complaint in respect of supply of material of printing of bank notes and other security products, expansion, up-gradation and modernization of Presses, Paper Mills, Ink factory, Postal Stamp; Revenue Stamp, NJSP, Passports, fair price determination of Bank Notes and Postal Stamps, pre-shipment inspection of CWBN/security paper and currency conferences etc. Further, a Task Force Committee was constituted on 14th April 2018 to ensure uninterrupted supply of currency in various parts of the country with Secretary (EA) as Chairman and Secretary (DFS) and Dy. Governor, RBI as members.

(10) BC & SF Division

2.14 United Nations sub-Division comes under BC and SF Division. It looks after work related to United Nations Development Programme (UNDP), Global Environment Facility (GEF), Green Climate Fund (GCF), and Sustainable Finance, apart from co-ordination related work of the UN. The UN sub-Division is required to provide strategic direction in the matters of management and governance of these institutions.

Department of Expenditure

Demand No.31

2.15 The Department of Expenditure is the nodal Department for overseeing the public financial management system in the Central Government and matters connected with state finances. It is responsible for the implementation of the recommendations of the Finance Commission and Central Pay Commission, monitoring of audit comments/observations, preparation of Central Government Accounts. It further assists Central Ministries/Departments in controlling the costs and prices of public services, reviewing system and procedure to optimize outputs and outcomes of public expenditure. The principal activities of the Department include overseeing the expenditure management in the Central Ministries/ Departments through the interface with the Financial Advisors and the administration of the Financial Rules/ Regulations/Orders, pre-sanction appraisal of major schemes/projects, handling bulk of the central budgetary resources transferred to State.

2.16 The business allocated to the Department of Expenditure is carried out through its Personnel & Establishment Division, Public Finance-State and Public Finance Central Divisions, Office of Chief Advisor Cost, Office of Controller General of Accounts and Central Pension Accounting Office. The Department has under its administrative control the Arun Jaitley National Institute of Financial Management (NIFM), Faridabad, which is an autonomous body.

Department of Financial Services

Demand No. 32

2.17 As per Allocation of Business Rules (AOBR), functions of Department of Financial Services (DFS) inter alia include matters pertaining to Banking, Insurance, Pension Reforms, Development Financial Institutions etc. The Department of Financial Services (DFS) oversees several key programs / initiatives and reforms of the Government concerning the Banking Sector, the Insurance Sector and the Pension Sector in India. The key flagship schemes being currently run / managed by the Department include the Pradhan Mantri Jan Dhan Yojana (PMJDY), Stand Up India, Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Mudra Yojana (PMMY), Atal Pension Yojana (APY) and the Pradhan Mantri Vaya Vandana Yojana (PMVVY). The Department provides policy support to the Public Sector Banks (PSBs), Public Sector Insurance Companies (PSICs) and Financial Institutions (FIs) like NABARD, SIDBI, NHB, IFCI, EXIM, IIFCL etc. through policy guidelines, legislative and other administrative changes. It also monitors the performance of these PSBs, PSICs and FIs and undertakes policy formulation in respect of the Banking and Insurance Sector in India.

2.18 DFS also deals with legislative and other issues pertaining to the concerned regulatory bodies such as the Insurance Regulatory and Development Authority of India (IRDAI), the Pension Fund Regulatory and Development Authority (PFRDA) and with certain legislative matters related to Reserve Bank of India (RBI).

2.19 In addition to the aforesaid policy issues, the Department is also responsible for certain functional issues concerning the Regulatory Bodies [RBI, IRDAI and PFRDA], the PSBs, PSICs and Financial Institutions. Foremost among these functional issues is the appointment of key functionaries of Governor / Deputy Governor of Reserve Bank of India, Chairman / Members of IRDAI and PFRDA, Chairman / Managing Director and Chief Executive Officers (MD & CEOs), Executive Directors (EDs), Chairman cum Managing Directors (CMDs) etc. of public sector banks, insurance companies and other financial institutions. Matters relating to international banking relations are also dealt with by the Department.

Department of Public Enterprises

Demand No. 33

2.20 In their 52nd Report, the Estimates Committee of 3rd Lok Sabha (1962-67) stressed the need for setting up a centralized coordinating unit, which could also make continuous appraisal of the performance of public enterprises. This led to the setting up of the Bureau of Public Enterprises (BPE) in 1965 in the Ministry of Finance. Subsequently, as a result of the reorganization of the Ministries/Departments of the Union Government in September, 1985, BPE was made part of the Ministry of Industry. In May 1990, BPE was made a full-fledged Department known as the Department of Public Enterprises (DPE). Presently, it is part of the Ministry of Finance.

2.21 The Department of Public Enterprises is the nodal department for all the Central Public Sector Enterprises (CPSEs) and formulates policy pertaining to CPSEs. It lays down, in particular, policy guidelines on performance improvement and evaluation, autonomy and financial delegation and personnel management in CPSEs. It furthermore collects and maintains information in the form of a Public Enterprises Survey on several areas in respect of CPSEs.

2.22 As per the Allocation of Business Rules of the Government, the following subjects have been allocated to the DPE:

1. Residual work relating to erstwhile Bureau of Public Enterprises including Industrial Management Pool.
2. Coordination of matters of general policy affecting all Public Sector Enterprises.
3. Evaluation and monitoring the performance of Public Sector Enterprises, including the Memorandum of Understanding mechanism.
4. Matters relating to Permanent Machinery of Arbitration for the Public Sector Enterprises.
5. Counseling, training, and rehabilitation of employees in Central Public Sector Undertakings under Voluntary Retirement Scheme.

6. Review of capital projects and expenditure in Central Public Sector Enterprises.
7. Measures aimed at improving performance of Central Public Sector Enterprises and other capacity building initiatives of Public Sector Enterprises.
8. Rendering advice relating to revival, restructuring or closure of Public Sector Enterprises including the mechanisms therefore.
9. Matters relating to Standing Conference of Public Enterprises.
10. Matters relating to International Center for Public Enterprises.
11. Categorisation of Central Public Sector Enterprises including conferring 'Ratna'status.
12. Survey of Public Enterprises

Department of Investment and Public Asset Management

Demand No. 34

2.23 The Department of Disinvestment was set up as a separate Department on 10th December 1999 and was later renamed as Ministry of Disinvestment form 6th September 2001. From 27th May 2004, the Department of Disinvestment is one of the Departments under the Ministry of Finance.

2.24 The Department of Disinvestment has been re-named as Department of Investment and Public Asset Management (DIPAM) with effect from 14th April 2016.

I. Functions

2.25 As per the present Allocation of Business rules, the mandate of the Department is as follows:

1. (a) All matters relating to management of Central Government investments in equity including disinvestment of equity in Central Public Sector Undertakings.

   (b) All matters relating to sale of Central Government equity through offer for sale or private placement or any other mode in the erstwhile Central Public Sector Undertakings.

   Note: All other post disinvestment matters, including those relating to and arising out of the exercise of Call option by the Strategic Partner in the erstwhile Central Public Sector Undertakings, shall continue to be handled by the administrative Ministry or Department concerned, where necessary, in consultation with the Department of Investment and Public Asset Management (DIPAM).
2. Decisions on the recommendations of Administrative Ministries, NITI Aayog, etc. for disinvestment including strategic disinvestment.
3. All matters related to Independent External Monitor(s) for disinvestment and public asset management.
4. (a) Decisions in matters relating to Central Public Sector Undertakings for purposes of Government Investment in equity like capital restructuring, bonus, dividends, disinvestment of government equity and other related issues.

(b) Advise the Government in matters of financial restructuring of the Central Public Sector Enterprises and for attracting investment in the said Enterprises through capital market.

5. The Unit Trust of India Act, 1963 (52 of 1963) along with subjects relating to Specified Undertaking of the Unit Trust of India (SUUTI).

III. SUBMISSION FURNISHED ON DEMAND NOs. 38,39,40,41 and 42

Demand No.38

Indian Audit & Accounts Department

The Constitution of India has mandated the Comptroller & Auditor General of India as Auditor of the nation; an instrument for ensuring accountability of the executive to the legislature. The Indian Audit & Accounts Department (IA&AD) carries out the Auditing and Accounting mandate of the C&AG. There are 95 Audit offices, 32 Accounts & Entitlement offices, and 13 Training Institute with 41621 manpower under this Department. The Audit offices entrusted with the responsibility of audit of all receipts and expenditure of the Union/State Governments and the local self-Governments and also authorizing GPF and Pensions and allied Accounts & Entitlements of the State Governments. To fulfill the constitutional mandate, 75 per cent staff of Audit Offices and 05 per cent staff of Civil Accounts staff have to be on tour.

3.2 Statement showing approved provision in Budget Estimates, Revised Estimates from 2019-20 onwards along with actual expenditure.

Grant No. 38 – Indian Audit & Accounts Department

(Rs. in Crore)

Year	Budget Estimates (Gross)	Revised Estimates (Gross)	Surrender of savings	Expenditure
2023-24	6183.03	-	--	-
2022-23	5976.56	6003.81	--	--
2021-22	5434.92	5464.92	80.19	5366.86
2020-21	5433.28	5086.62	365.72	5043.15
2019-20	5025.91	5118.02	9.48	5108.36

Details of Revised Estimates 2022-23 & Budget Estimates 2023-24.

(Rupees in crore)

Year	Revenue (Gross)			Capital	Grant Total (Gross)	% increase
	Salary	Non-Salary	Total			
2022-23	4972.42	873.18	5845.60	158.21	6003.81	
2023-24	3062.84	2977.43	6040.27	142.76	6183.03	2.99%

There is a normative 2.99% increase in 2023-24 from Revises Estimates 2022-23.

3.3 The position of Budget Estimates approved for the years, 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 is as under: -

PART – A

3.4 (1) MAJOR HEAD : 2016 – Audit

(In thousands of Rupees)

Revenue Section				
Year	**Voted**	**Charged**	**Total**	**% Increase**
2023-24	57766000	26367689	60402689	1.07%
2022-23	57474900	2290700	59765600	10.47%
2021-22	52099700	2000000	54099700	-0.10%
2020-21	52288200	1864600	54152800	8.09%
2019-20	48322200	1776900	50099100	

The total Grant is for establishment related expenditure.

(2) MAJOR HEAD : 4059 – Capital Outlay on Public Works

(In thousands of Rupees)

Year	Voted	Charged	Total	% Increase
2023-24	200000	-	200000	33.33%
2022-23	150000	-	150000	7.14%
2021-22	140000	-	140000	55.55%
2020-21	90000	-	90000	12.50%
2019-20	80000	-	80000	-

* The increase in the year 2023-24 is due to provisioning for major renovation works of office buildings of Indian Audit & Accounts Department.

(3) MAJOR HEAD : 4216 – Capital Outlay on Housing

(In thousands of Rupees)

Year	Voted	Charged	Total	% Increase
2023-24	100000	-	100000	11.11%
2022-23	90000	-	90000	-17.80%
2021-22	109500	-	109500	21.67%

2020-21	90000	-	90000	12.50%
2019-20	80000	-	80000	-

Demand No.39

Interest Payments

3.5 The entire expenditure included in the Appropriation-Interest Payments is 'charged' on the 'Consolidated Fund of India' (CFI) in terms of Article 112 (3) (c) of the Constitution of India. The Appropriation provides for debt servicing/discounting charges on Central Government's debt obligations both internal and external. It also includes provisions for interest payable on Public Account elements like provident funds, special securities issued to National Small Savings Fund, Special Deposits with the Government besides depreciation and other Reserve Funds of commercial departments such as Railways, provisions for management of debt and other liabilities of the Central Government.

3.6. The actual expenditure incurred during 2019-20 to 2021-22 and estimates of 2022-23 and 2023-24 (on gross and net basis) are tabulated below:

Table: Appropriation No. 39- Interest Payments

(₹ in crore)

Year	BE	Percentage increase/ decrease over previous year BE	RE	Percentage increase/decrease over previous year RE	Actual	Percentage increase/ decrease over previous year
On Gross Basis						
2019-20	673470.60	13.99	663297.18	10.55	655372.01	10.04
2020-21	733203.16	8.87	732987.16	10.51	720985.20	10.01
2021-22	847195.79	15.55	837186.70	14.22	828259.85	14.88

2022-23	970003.67	14.50	984073.58	17.55		
2023-24	1113971.00	14.84				
On Net Basis						
2019-20	660470.60	14.71	625105.23	8.56	612070.02	5.05
2020-21	708203.16	7.23	692900.00	10.85	679868.58	11.08
2021-22	809701.32	14.33	813791.00	17.45	805499.15	18.48
2022-23	940651.02	16.17	940651.02	15.59		
2023-24	1079971.00	14.81				

3.7 The Appropriation-Interest Payments also includes provision for payment of interest on Ways & Means Advance/OD from RBI, Cash Management Bills (CMBs), Management of debt charges to RBI, discounting charges on 14-days Intermediate Treasury Bills (ITBs), Auction Treasury Bills (ATBs) availed/issued to meet the short-term mismatches between receipts and payments of Central Government.

3.8 The provision in RE 2022-23 is a net result of excess requirement of ₹ 21472.21 crore under various Heads of Accounts and lower requirement of ₹ 7402.30 crore in some other Heads of Accounts. The net higher provision at ₹ 14069.91 crore is primarily on account of hardening of yields of dated securities set off with higher accrued interest and premium earned on issuance of dated securities in FY 2022-23. In BE 2023-24, higher provision is made owing to increase in fixed incidence due to full year interest on securities issued in 2022-23 coupled with new borrowing in 2023-24 and anticipated hardening of yield of dated securities.

Demand No.40

Repayment of Debt

3.9 The Appropriation 'Repayment of Debt' entails provisions for scheduled repayments of debt raised by Central Government as well as for discharge of treasury bills of different maturities, Cash Management Bills, Ways and Means advances, etc. This Appropriation is 'Charged' on the Consolidated Fund of India in terms of Article 112 (3) (c) of the Constitution of India.

3.10 Fiscal Deficit in a year is financed through borrowings from various sources, net of repayments and cash draw-down. In a fiscal deficit regime, repayment obligations are primarily met out of fresh borrowings. An analysis of Demands for Grants No.40-Appropriation- 'Repayment of Debt', i.e. year wise percentage increase/decrease over the period from 2019-20 to 2022-23 is as under: -

Table: Appropriation No. 40- REPAYMENT OF DEBT

(Rs. in crore)

Year	BE	% increase/ Decrease Over previous year	RE	% increase/ Decrease over previous year	Actual	% increase/ decrease over previous year
Major Head – 6001 – Internal Debt						
2019-20	5947825.09	-1.78	6312279.00	2.47	6292657.87	4.28
2020-21	6853533.56	15.23	6446475.92	2.13	6149919.96	-2.27
2021-22	6903225.48	0.73	6026553.64	-6.51	6609686.17	7.48
2022-23	7034456.86	1.90	7235128.71	20.05	-	-
2023-24	8824692.71	25.45	-	-	-	-
Major Head-6002-External Debt						
2019-20	35363.00	20.06	34110.00	8.84	33890.91	10.25
2020-21	37388.00	5.73	35234.00	3.30	34715.36	2.43
2021-22	40926.00	9.46	36024.10	2.24	35782.23	3.07
2022-23	40610.30	-0.77	39882.90	10.71	-	-
2023-24	45656.00	12.42	-	-		-

3.11 This Appropriation includes provision for discharge of Ways and Means Advances, Cash Management Bills including overdraft from RBI. These are short term funds availed mainly to meet intra-year mismatches between receipts and disbursements of the Government. 14 days Intermediate Treasury Bills (ITBs) provide an avenue to State Governments to invest their short-term surplus funds. Given the difficulties in accurate estimating the cash flows and cash surplus of State Governments, requirement of funds under this Appropriation cannot be assessed with precision. Any variation in this Appropriation does not impact the expenditure budget.

3.12 A higher net provision of ₹ 199944.45 crore has been sought in RE 2022-23 owing to anticipated higher repayments in Intermediate Treasury Bills (14 Days T Bills) wherein the State governments are parking their surplus funds and withdraw therefrom even before maturity to meet their financial obligations. In the external debt repayments, there is a savings of ₹ 727.40 crore.

3.13 In BE 2023-24, higher provision at ₹ 16.73 lakhs crore has been sought over RE 2022-23 owing to higher inflows and outflows in ITBs (₹ 8.90 lakh crore), Ways & Means Advances (₹ 4.42 lakh crore), CMBs (₹ 1.00 lakh crore), T. Bills (₹ 0.75 lakh crore), redemption of dated securities (₹ 1.27 lakh crore), redemption of securities issued to NSSF (₹ 0.39 lakh crore).

Demand No.41
Pension

3.14 Grant No. 41 – Pensions is a Composite Grant relating to Central Civil Pension payments. The Budget Estimates are prepared on the basis of projections of expenditure received from various Civil Ministries/Departments and the trend of expenditure booked by CPAO.

Grant No. 41 - Pensions
(Percentage Variation in Heads over the last three years)

(Rs. in crores)

Year	Major Head	Budget Estimate	Revised Estimate	Actual Exp.	Revised Estimate (previous year)	Increase (+) / Decrease (-) over Previous Year (Col. 4-6)	Percentage Increase / Decrease Col. 7x100 / Col. 6
1	2	3	4	5	6	7	8
2020-21	2071 – Pension and other Retirement Benefits	62124.90	63106.48	62780.47	51510.50	(+)11595.98	(+)22.51
	2235 – Social Security & Welfare	44.45	44.45	39.75	54.50	(-)10.05	(-)18.44
	Total	**62169.35**	**63150.93**	**62820.22**	**51565.00**	**(+)11585.93**	**(+)22.46**
2021-22	2071 – Pension and other Retirement Benefits	56828.14	63960.14	64635.63	63106.48	(+)853.66	(+)1.35
	2235 – Social Security & Welfare	44.98	44.98	49.25	44.45	(+)0.53	(+)1.19
	Total	**56873.12**	**64005.12**	**64684.88**	**63150.93**	**(+)854.19**	**(+)1.35**
2022-23	2071 – Pension and other Retirement Benefits	66790.61	68289.80	54072.10 upto Dec,2022	63960.14	(+)4329.66	(+)6.77
	2235 –	50.20	50.20	24.81 upto	44.98	(+)5.22	(+)11.61

	Social Security & Welfare			Dec,2022			
	Total	66840.81	68340.00	54096.91 upto Dec,2022	64005.12	(+)4334.88	(+)6.77
2023-24	2071 – Pension and other Retirement Benefits	72657.60	-	-	-	-	-
	2235 – Social Security & Welfare	43.40	-	-	-	-	-
	Total	72701.00	-	-	-	-	-

3.15 Reasons for variations in the Revised Estimates for the last three years 2020-21 to 2022-23 are broadly as under :-

- Due to increase in D.A. rates.

Date from which payable	Dearness Allowances Rate
01.07.2019	17%
01.07.2021	31%
01.01.2022	34%
01.07.2022	38%

- Payment of residual arrears of Leave Encashment to Pensioners due to notional increase in DA rates as per Govt. of India OM No. 1(5)/E.V/2020 dated 07.09.2021 for calculation of gratuity and cash payment in lieu of leave for those employees who retired on or after 01.01.2020 and upto 30.06.2021 is as under –

Employees retiring during the period	Notional Rate of Dearness Allowance (DA) for calculation purpose
From 01.01.2020 to 30.06.2020	21% of basic pay
From 01.07.2020 to 31.12.2020	24% of basic pay
From 01.01.2021 to 30.06.2021	28% of basic pay

- Due to increase in number of Pensioners. (Each year about 40,000 new pensioners are getting added)
- Due to increase in pension after attaining the age of 80 years and above.

Demand No.42
Transfers to States

Public Finance States Division

3.16 The State Finances (Public Finance-States) Division of Department of Expenditure looks after matters relating to finances of the State Government, including fixing of borrowing ceiling of the States, issue of permission for borrowings under Article 293 (3) of the Constitution of India, debt relief measures (as recommended by the Finance Commissions), releases of Additional Central Assistance for Externally Aided Projects (Grants and Loan Portion), Special Assistance to States, releases of grants-in-aid on the recommendation of Finance Commissions and Central Assistance under National Disaster Response Fund (NDRF) and National Disaster Mitigation Fund (NDMF) under Demand No. 42.

3.17 Till 2014-15, PF-S Division was releasing the funds under both Plan & Non-Plan. Plan Grants comprised of 'Block Grants' which consisted of the Normal Central Assistance (NCA), Backward Regions Grant Fund (BRGF) - Scheme (State Component), Additional Central Assistance (ACA) for Externally Aided Projects (EAPs), Special Central Assistance (SCA), Special Plan Assistance (SPA), etc. Non-Plan Grants were provided as recommended by FC-XIII for its award period 2010-15. With effect from the year 2020-21 the grants recommended by the 15^{th} Finance Commission are being released. The Union Government has accepted the recommendations of 15^{th} Finance Commission for the award period 2021-22 to 2025-26 (including the interim report for the year 2020-21). The Grants recommended by 15^{th} Finance Commission are covered under Article 275(1) of the Constitution and are charged expenditure.

3.18 The 15th Finance Commission, after making detailed assessment of the revenue expenditure need of the States has recommended tax devolution of 41% in the divisible pool of Central Taxes.

3.19 The State's share of Central Tax during 2023-24 BE is estimated to be Rs.10,21,448.16 crore as compared to Rs.9,48,405.82 crore in 2022-23 RE showing an increase of Rs.73,042.34 crore during 2023-24. Besides, as per the 15th Finance Commission recommendations, Grant-in-aid of Rs.86,201.00 crore to cover revenue deficit of State, local body grants (rural and urban local bodies) of Rs.69,421.00 crore & grants of Rs.18635.20 crore for augmenting the State Disaster Response Fund (SDRF) and an amount of Rs 4658.80 crore for State Disaster Mitigation Fund (SDMF) has also been provided during BE 2022-23.

3.20 An amount of Rs.1,65,480.00 crore is estimated in 2023-24 (BE) in Demand No. 42 for Finance Commission Grants.

3.21 The Details of provisions and releases under Demand No. 42 for the period (2020-21 to 2023-24) are given in Statement No. 1(a) & (b).

Statement No. 1(a)

Scheme-wise BE,RE & Actual Releases during the period 2020-21 to 2022-23 & BE for 2023-24 regarding Schemes under Demand No. 42 of Ministry of Finance, Department of Expenditure, Public Finance-States

(Rs. In Crore)

Sl. No.	Name of the Scheme	2020-21			2021-22			2022-23			Short-fall/Excess, if any, with reasons	BE 2023-24
		BE	RE	Actual Releases	BE	RE	Actual Releases	BE	RE	Actual Releases till 31.01.2023		
1	Special Assistance	15000.00	3000.00	1996.16	15000.00	5000.00	3766.39	15000.00	6000.00	978.88	'Special Assistance' is a need based assistance which is provided to States as and when demanded.	12000.00
2	Addl. Central Assistance for Externally Aided Projects (EAPs) (Loans & Grants)	29000.00	34525.00	30195.05	49750.00	31165.00	26949.53	36002.00	34880.00	26454.97	CAA'A is the nodal agency for the releases of Additional Central Assistance for Externally Aided Projects. The releases are dependent upon the disbursement of loan amount by donor agencies.	29450.00
3	Support for COVID-19 Vaccination	0.00	0.00	0.00	35000.00	39000.00	35437.68	5000.00	967.00	967.00	This is new Budget line intoduced from FY 2021-2022 in order to provide support for COVID-19 Vaccination.	0.01
4	Back to Back Loans to States/UTs (with legislature) in lieu of GST Compensation Shortfall	0.00	110208.00	110208.00	0.01	159000.00	159000.00	0.01	0.02	0.00	This is new Budget line intoduced from FY 2020-2021 in order to compansate GST Shortfall to the States/UTs (with legislature).	0.02
5	Special Assistance as Loan to States for Capital Expenditure	0.00	12000.00	11830.29	10000.00	15000.00	14185.78	100000.00	76000.00	45243.97	This is new Budget line introduced from FY 2020-2021 in order to provide Special Assistance as Loan to States for Capital Expenditure.	130000.00
	Total	44000.00	159733.00	154229.50	109750.01	249165.00	239339.38	156002.01	117847.02	73644.82		171450.03

Statement 1 (b)

Scheme-wise BE, RE & Actual Releases during the period 2020-21 to 2022-23 & BE for 2023-24 regarding finance Commission Grants under Demand No.42 of Ministry of Finance, Department of Expenditure, Public Finance-States

(Rs.in Crore)

Sl.No.	Schemes	2020-21			2021-22			2022-23			2023-24
		BE	RE	Actual	BE	RE	Actual	BE	RE	Actual (upto 31.01.2023)	BE
A.1	Post Devolution Revenue Deficit Grant	30000.00	74340.00	74340.00	118452.00	118452.00	118452.00	86201.00	86201.00	71834.17	51673.00
2	Grant-in-Aid for State Disaster Relief Fund	20000.00	22262.43	22262.43	22184.00	17747.20	17747.20	18635.20	18635.20	13214.00	19572.80
3	Grant-in-Aid for State Disaster Mitigation Fund	0.00	0.00	0.00	0.00	4436.80	2524.60	4658.80	3500.00	1345.80	4893.20
4	Grants for Local Bodies										
4(i)	Rural Bodies	69924.79	60750	60750	44901.00	42623.00	40311.80	46513.00	41000.00	30385.87	47018.00
4(ii)	Urban Bodies	30000.00	25000	26710.07	22114.00	14614.00	16147.33	22908.00	15026.00	10626.90	24222.00
5	Grant for Health Sector	0.00	0.00	0.00	13192.00	13192.00	12251.82	13192.00	8895.00	762.08	13851.00
6	Grants for Incubation of New Cities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4000.00
7	Grants for Shared Municipal Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	250.00
	Total	149924.79	182352.43	184062.50	220843.00	211065.00	207434.75	192108.00	173257.20	128168.82	165480.00
B.	National Disaster Response Fund (NDRF)	25000.00	10000.00	8257.11	12390.77	9000.00	7670.80	10408.00	6400.00	886.72	10928.00
C.	National Disaster Mitigation Fund (NDMF)	0.00	0.00	0.00	0.00	2478.15	0.00	2602.00	1600.00	0.00	2732.00

IV BUDGETARY ALLOCATIONS AND OTHER ISSUES

A. Demand No. 32- Department of Financial Services

(Rs.in crore)

Year	BE	RE	Actuals
2020 -21	29075.02	51830.58	48939.16
2021-22	51510.81	82305.87	75393.90
2022-23	7174.77	6303.42	
2023-24	1374.66		

During the Sitting of the Committee on 01.03.2023, Secretary, Department of Financial Services gave the following brief about the Department:-

"Demand Number 32 is related to the Department of Financial Services. This demand relates to grants on all the financial services relating to banking, insurance, pension. There are three major areas in which the Budget is required by our department. One is recapitalization of the Public Sector Banks, Insurance Companies and institutions under this department. Second is the credit guarantee to channelize credit towards specific sectors. Thirdly, it is required to supplement the efforts of the banks and the financial institutions in promoting flagships schemes of the Government like PMJDY, PMJJBY, PMSBY, etc.

In this Budget, we seek a total budgetary grant of Rs.1374.66 crore......recapitalization is taken as a token due to improved solvency and capital adequacy of the public sector banks and other financial institutions".

4.2 On being asked about the Actual Expenditure for FY 2022-23 under Demand No.32 as on 31.01.2023, reasons for change in RE 2022-23 i.e., a reduction of Rs.871.35 crore over BE 2022-23 and reasons for massive reduction in BE 2023-24 from Rs. 7174.77 crore (BE 2022-23) to just Rs.1374.66 crore (BE 2023-24), the Ministry furnished the following reply:-

Actual expenditure for FY 2022-23 under the Demand No. 32, as on 31.1.2023 is Rs. 711.41 crore.

Reason for change in RE 2022-23 (reduction of Rs. 871.35 crore over BE 2022-23) is as under:

S.N	Scheme	BE 2022-23 (Rs. in crore)	RE 2022-23 (Rs. in crore)	Reason for reduction
1	Subscription to the share capital of NABARD	500.00	0.00	As per the information provided by NABARD, it is having sufficient head room in view of available resources and would not require additional equity

				support during FY 2022-23.
2	Loans for settlement of claims on invoking guarantee given by Government under Partial credit guarantee scheme	500.00	40.00	The guarantee coverage is valid till 31.3.2023 only and as informed by SIDBI, expected invocation will be around Rs.40 crore. Therefore, budgetary allocation was reduced to Rs.40 crore at RE stage from BE of RS.500.00 crore.
3	Credit Guarantee Scheme for Micro Finance Institutions (CGSMFI)	500.00	50.00	Guarantees have been issued for full amount of Rs.10,000 crore. However, no NPAs have been reported yet. Hence, the requirement of fund has been reduced to Rs.50.00 crore at RE stage from BE of Rs.500.00 crore.
4	Loan Guarantee Scheme for Covid Affected Sectors (LGSCAS)	250.00	125.00	As on 06.01.2023, guarantees have been issued for Rs.9,284.35 crores. Hence, the requirement of fund has been reduced to Rs.125.00 crore at RE stage from BE Rs.250.00 crore.
5	Credit Guarantee Fund for providing Guarantee to Loans extended under Pradhan Mantri Mudra Yojana (PMMY)	100.00	0.00	It has been decided to release corpus support as and when the need arises. Since NCGTC has sufficient funds, the amount provided for in BE, has been surrendered.
6	Pradhan Mantri Vaya Vandana Yojana (PMVVY)	473.92	27.58	The BE allocation was based on estimate prepared by LIC. However, it was decided to release subsidy amount as a reimbursement and not in advances. This led to reduction in allocation at the RE state in the current year.
7	Funding support to PFRDA for payment of incentive under Atal Pension Yojana	200.00	180.00	Requirement revised at RE stage based on the expected new enrolments (75 lakhs) between September 2022 and March 2023.

Further, reason for change in BE 2023-24 *vis-à-vis* BE 2022-23 is as under:

S.N	Scheme	BE 2022-23 (Rs. in crore)	BE 2023-24 (Rs. in crore)	Reason for reduction
1	Subscription to the share capital of NABARD	500.00	0.01	Keeping in view the level of projected disbursement during 2022-23 under

				various GoI schemes such as LTIF, Micro Irrigation Fund (MIF), Fisheries Infrastructure Development Fund (FIDF), etc., the allocation under the scheme has been reviewed and token amount has been taken in BE 2023-24.
2	Subscription to Share capital of Export Import Bank of India (EXIM Bank)	1500.00	0.01	Equity support of Rs.1500 crore to EXIM Bank (to be released in FY 2022-23) is expected to be released in February, 2023. Accordingly, token amount has been taken in BE 2023-24.
3	Equity support to Industrial Finance Corporation of India Ltd. (IFCI Ltd.)	100.00	0.01	An amount of Rs.100 crore was provided to IFCI Ltd in September, 2022 towards subscription of its share capital (as envisaged in BE 2022-23). However, to meet its liquidity requirement, additional funds amounting to Rs.400 crore were sought in Supplementary demand for grants for FY 2022-23. Accordingly, provision for token amount has been sought for BE 2023-24.
4	Contribution of Government's share for recapitalization of Regional Rural Banks (RRBs)	1361.00	0.00	Out of GOI share of Rs.5445 crore approved as one time recapitalization support, Rs.4084 crore was released in FY 2021-22 and the balance of Rs.1361 crore is expected to be released in FY 2022-23.
5	Loan for settlement of claims on invoking guarantee given by Government under Partial Credit Guarantee Scheme (PCGS)	500.00	50.00	The validity of Government guarantee provided to Public Sector Banks under the scheme will end on 31.3.2023. An amount of Rs.50 crore has been provided for the BE 2023-24 to meet residual requirements.
6	Loan Guarantee Scheme for Covid Affected Sectors (LGSCAS)	250.00	100.00	Based on trend of NPAs and expected claims, lesser allocation has been sought in BE 2023-24.
7	Credit Guarantee Scheme for Micro Finance Institutions (CGSMFI)	500.00	100.00	No NPAs have been reported yet. Stress has not been reported in the sector and lower NPAs are expected under the scheme. Hence, the budget has been kept low, which may be revised, if required.
8	Pradhan Mantri Vaya Vandana Yojana (PMVVY)	473.92	189.70	The amount allocated in BE 2023-24 is based on LIC's estimate of the amount of subsidy that will be required to be released in that FY.
9	Financial support to NCGTC for Credit	100.00	0.01	It has been decided to release funds to NCGTC as and when required.

	Guarantee Fund for providing Guarantees to Loans extended under PMMY			Since NCGTC has sufficient funds at present, a token provision has been made.

B. Capital Expenditure

Year	BE	RE	Actuals
2020-21	4,12,085	4,39,163	4,26,317
2021-22	5,54,236	6,02,711	5,92,874
2022-23	7,50,246	7,28,274	5,93,099*
2023-24	10,00,961	-	-

*As per flash data reported on Feb 02, 2023

4.3 The Committee enquired about the capital expenditure being a major thrust area in this Budget as well. Secretary, Department of Economic Affairs deposed the following before the Committee: -

"The provision for capital expenditure over the last three years has seen an increase of 33-35 per cent year-on-year. As far as current year is concerned, the provision is for Rs. 7.5 lakh crore and the expectation as per the RE figure is Rs. 7.29 lakh crore. The shortfall of about Rs. 20,000 crore is coming out of a provision which was meant for the State Government, which is linked to certain reforms and certain measures they have to take. So, perhaps the expectation will be lesser offtake.

The idea of increasing the capital expenditure further was that the multiplier effect in terms of growth as well as employment is the largest at this point of time or at any point of time. That was the thought process while increasing the capital expenditure. While there are signs of private investment, in the long run it is the private investment which has a more pre-dominant part. There are signs in the first half of the current financial year for which the data is available that private sector expenditure is better than what it has been in the previous two to three years. But it is felt that Government has to do a bit of heavy lifting even in the coming year of 2023-24. So, that was the thought process of increasing it further sharply to Rs. 10 lakh crores."

4.4 On being asked whether past year's increase in CAPEX helped crowd in private investments and magnitude of the rise of the same, the following reply was furnished by the Ministry:-

A capex thrust in the last two budgets of the Government of India has led to a pick-up in private sector investment since FY22.Surveys of leading industry CEOs also reveal their plans and commitment to increasing Capex. As per Axis Bank Business and Economic Research, Private Capex increased to around ₹ 5.34 trillion in FY22 driven by investments in Pharma, cement, chemicals, steel, IT and electricity.

Annual data on trend in Private Capex		
Year	In ₹Lakh Crore	In Per cent
	Private Investment	YoY growth
FY17	4.5	
FY18	4.7	4.4
FY19	5.5	17
FY20	5.3	-3.6
FY21	4.8	-9.4
FY22	5.3	10.4
Source: Capitaline, Axis Bank Research Note: Data is based on a consistent set of 3148 companies		

C. National Investment and Infrastructure Fund (NIIF)

4.5 The Committee sought data about the performance utilization for the last three years of NIIF, to which the following reply was furnished:-

The establishment of the NIIF was announced vide para 47 of the Budget Speech on Feb 28, 2015 and approved by the Union Cabinet on Jul 28, 2015. Government of India has committed ~INR 20,000 crore (~USD 3 billion) across funds established under the umbrella of NIIF. National Investment and Infrastructure Fund Ltd. ("NIIF Ltd.") is the Investment Manager, a company, with GOI equity of 49%. National Investment and Infrastructure Fund Trustee Ltd. ("NIIF Trustee Ltd."), a 100% GOI company, is the Trustee of NIIF managed funds.

As on date, three funds i.e., National Investment and Infrastructure Fund ("Master Fund", "NIIF MF"), NIIF Fund of Funds-I ("NIIF FoF") and National Investment and Infrastructure Fund-II ("Strategic Opportunities Fund", "SOF") have been established under the NIIF platform. The funds are registered with SEBI as Category II Alternative Investment Funds. NIIF Funds are managed on a day-to-day basis by NIIF Ltd., a company registered under the Companies Act, 2013 and regulated by SEBI as a fund manager of these funds.

Performance/ utilization for the last 3 years (NIIF)

Details of Fund Commitments and Deployment

(Amount in INR Crores)

NIIF Funds	As on March 31, 2020			As on March 31, 2021			As on March 31, 2022			As on December 31, 2022		
	Investor commitments to Fund	Fund's portfolio commitments	Invested / Deployed	Investor commitments to Fund	Fund's portfolio commitments	Invested / Deployed	Investor commitments to Fund	Fund's portfolio commitments	Invested / Deployed	Investor commitments to Fund	Fund's portfolio commitments	Invested/ Deployed
National Investment and Infrastructure Fund ("Master Fund")	14,449	6,645	1,368	15,998	6,731	2,323	15,998	9,430	3,150	15,998	9,653	4,177
NIIF Fund of Funds - I ("Fund of Funds ")	4,700	2,627	691	5,433	3,352	1,156	4,281	3,462	2,037	4,281	3,862	2,215
National Investment and Infrastructure Fund II ("Strategic Opportunities Fund")	9,673	1,900	1,024	8,914	4,399	2,299	9,315	4,399	4,399	9,315	4,775	4,774
Grand Total	28,821	11,172	3,083	30,345	14,482	5,778	29,594	17,291	9,587	29,594	18,290	[illegible]

Note: A part of Strategic Opportunities Fund's investor commitment was reallocated to Master Fund at the time of Master Fund's Final Closing in FY 21

4.6 Further, Secretary, Department of Economic Affairs on the same stated the following during the sitting of the Committee on 01.03.2023: -

> *"In terms of general ability of NIIF, they have three funds. I will mention about the second fund which is about fund of funds which has done exceedingly well. Ninety per cent of the capital raised has already been committed and about 60 per cent has already been deployed. When it comes to the masterfund which is directed towards the infrastructure, which is about 60-65 per cent, has already been committed. There is some distance to go to commit the balance capital which is there.*
>
> *The third one is the strategic opportunities fund. The work was started in 2019 but then there was a two-year period when there was a gap because of COVID etc. to reach out. That fund is the third one to pick up on the ground."*

D. Green Climate Finance

4.7 The Committee during its sitting deliberated upon green taxonomy and whether a set of standards has been developed on a green taxonomy so as to direct climate finance, to which Secretary, Department of Economic Affairs submitted the following response:-

> *"During the current year, in fact the next quarter, the International Sustainability Standards Board, is supposed to come out with two things, one is standards for sustainable finance and the other one for climate finance. There is a bit of concern that those standards should not be so onerous that the developing country like ours get constrained on that. So, we are engaging with them, not directly, but RBI and SEBI, both are engaging with ISSB and last year, 2022, the draft had come up. Both RBI and SEBI have given their comments and we do hope that they will factor the issues. The developing economies will also come into the picture. It is not just about the large corporate. Even the MSMEs have to report for sustainability. Our big concern was not to put all that obligation on MSMEs. It will find it very difficult."*

4.8 Further, the Committee asked about the blended finance instruments that can be deployed at current stage by financial institutions in India in the field of green financing and climate investment, to which the Ministry furnished the following reply: -

> Blended finance involves leveraging of financial resources of the public sector or philanthropies to phase in private sector investment, thereby catalysing private finance in high-risk, long gestation projects. The use of blended finance promotes investments in new and emerging sectors. Therefore, blended finance plays a vital role in attracting private sector investments at scale and

reasonable costs in climate-related projects. Effectively, it can be a mix of grants, concessional (below market rates) and non-concessional loans, equity investments, and other forms of financing.

E. Insurance Sector

4.9 The Committee enquired about the financial position of General Public Sector Insurance Companies and measures being undertaken to strengthen them and make them more competitive, to which the following reply was furnished by the Ministry:-

Financial results as on 31.3.2022 of the four public sector general insurance companies (PSGICs) namely New India Assurance Company Ltd. (NIACL), National Insurance Company Ltd. (NICL), The Oriental Insurance Company Ltd. (OICL) & United India Insurance Company Ltd. (UIICL) are as follows:

(Rs in crores)

Parameters	NIACL	NICL	OICL	UIICL
Premium	32,574	13,026	13,711	15,722
PAT	164	-1,675	-3,115	-2,136
Solvency	1.66	0.63	0.15	0.51
Combined Ratio	1.23	1.34	1.44	1.36
Net Worth	19,652	2,751	524	2,095

PSGICs are undertaking several measures including:

I. Focusing on pursuing profitable business including motor and health portfolio
II. Improving risk management practices
III. Drawing up and implementing a plan for quick settlement of motor third party claims in order to improve overall solvency
IV. Starting the process of monetizing the commercial and residential assets that are neither in use nor expected to be put to use
V. Modernizing and upgrading the IT systems so as to offer best in class services to all stakeholders

Capital Infusion in three PSGICs: Rs.5,000 crore was infused in FY2021-22, with Rs.3,700 crore in NICL, Rs.1,200 crore in OICL and Rs.100 crore in UIICL. Each of these companies are striving to achieve the required solvency margin and pursue profitable growth. Further an amount of Rs.3,000 crore in FY2023-24 will be considered for capital infusion based on their performance indicators being achieved.

Details of total capital infusion done by the Government of India in the three PSGICs are as under:

(Rs. in crore)

FY	NICL	UIICL	OICL	Total
2019-20	2,400	50	50	2,500
2020-21	1,675	1,080	720	3,475
2020-21	800	1,825	850	3,475
2020-21	700	700	1,600	3,000
2021-22	3,700	100	1,200	5,000
Total	9,275	3,755	4,420	17,450

To address the concerns of the strained solvency position of three PSGICs namely National Insurance Co Ltd, United India Insurance Co Ltd and Oriental Insurance Co Ltd and for efficient use of capital to drive their profitable growth, a set of Key Performance Indicator linked reforms have been initiated by all PSGICs w.e.f. FY 20-21 which have a range of themes to drive profitable growth and improve solvency. PSGICs are undergoing reforms including organizational restructuring, product standardization, cost rationalization and digitalization, etc.

4.10 Further, on being asked about any study being done by Department of Financial Services about the impact of opening up of the insurance sector, Secretary, Department of Financial Services submitted as below:

"Till now, we have not done any such study as you are pointing out that there is a need to have such kind of a study".

4.11 The Committee also asked about the measures that will be undertaken to ensure that life insurance penetration in the country does not dip due to the tweaks in the slabs and rates in the New Tax Regime which may result in taxpayers shifting from the old regime and which could possibly lead to a dip in the demand for life insurance products as tax saving instruments. The Ministry in response furnished the following reply: -

Life Insurance Council has stated that the life insurers will focus on creating awareness on the importance of risk protection and thereby increasing the sale of insurance protection products. In addition, emphasis would be laid on product innovation enabled through 'Use & File' facility provided by regulations. The industry will largely depend on the following to drive penetration and density:

- Insurers will be focusing on increasing the sale of their products in Tier 2 and Tier 3 locations. The focus will be on affordable insurance products to drive penetration and to create awareness.
- The "use & file" enablement provided by the regulator will allow insurers to offer innovative, simple and cost-effective products. This approach will aid insurers to focus on developing innovative, cost-efficient, and simple retail insurance products. Further, the Sandbox infrastructure will be extensively used for testing innovative product offerings, which when successful, can be offered to a larger customer base.
- Insurers will be leveraging technology to bring in more policyholders. Technology will also be used to speed up claim processing and settlement thereby reducing turnaround times and boosting consumer confidence in life insurance products.

Further, in order to enhance insurance penetration focused attempts are underway from the Government of India to expand coverage under Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana through banks and insurers for their wider reach.

F. Credit to Deposit (CD) Ratio of Scheduled Commercial Banks (SCBs)

4.12 The Committee sought state-wise data on credit to deposit ratio of Scheduled Commercial Banks, to which the following reply was furnished by the Ministry:-

State-wise data on Credit to Deposit Ratio of Scheduled Commercial Banks according to the place of sanction				
(As of End-March)				
				(Per cent)
	Region/State/Union Territory	FY 2019-20	FY 2020-21	FY 2021-22
1	Haryana	54.8	53.4	54.9
2	Himachal Pradesh	30.2	30.9	32.0
3	Jammu & Kashmir	45.8	48.5	51.5
4	Punjab	57.1	55.0	54.2
5	Rajasthan	79.6	77.9	79.0
6	Chandigarh	108.5	96.1	89.7
7	Delhi	110.2	93.9	93.2
8	Ladakh	36.1	34.9	36.2
9	Arunachal Pradesh	24.9	25.2	24.5
10	Assam	43.0	46.7	48.9
11	Manipur	57.2	57.7	60.2
12	Meghalaya	35.3	37.6	32.0
13	Mizoram	36.1	42.0	45.4
14	Nagaland	37.5	43.2	43.0
15	Tripura	42.5	42.1	41.9
16	Bihar	36.1	40.1	42.5
17	Jharkhand	28.5	29.8	30.9
18	Odisha	39.5	39.5	40.8
19	Sikkim	31.2	35.8	39.3
20	West Bengal	49.3	46.5	46.4
21	Andaman & Nicobar Islands	41.0	46.3	46.5
22	Chhattisgarh	62.4	62.7	66.4
23	Madhya Pradesh	69.2	67.9	67.5
24	Uttar Pradesh	41.5	41.5	43.9
25	Uttarakhand	36.5	35.3	35.7
26	Goa	25.1	24.5	24.3
27	Gujarat	74.8	69.9	69.9
28	Maharashtra	102.0	92.5	91.9
29	Dadra & Nagar Haveli	44.7	35.3	35.7
30	Daman & Diu	-	-	-
31	Andhra Pradesh	125.3	131.5	138.9
32	Karnataka	65.2	59.8	60.5
33	Kerala	65.0	62.3	61.7
34	Tamil Nadu	107.5	101.7	100.9
35	Lakshadweep	8.7	7.8	9.6

36	Puducherry	64.0	64.8	63.6
37	Telangana	103.6	93.2	96.8
	ALL INDIA	76.5	71.7	72.1
	Nil/Not Applicable/Negligible.			
	Note: Since 2020 figures for Dadra & Nagar Haveli include Daman & Diu as well.			
	Source: Basic Statistical Returns of Scheduled Commercial Banks in India, RBI, various issues.			

State-wise data on the Credit-Deposit Ratio of Scheduled Commercial Banks according to the place of Utilisation

(As at End-March)

(Per cent)

	Region/State/Union Territory	FY 2019-20	FY 2020-21	FY 2021-22
1	Haryana	64.8	59.8	60.7
2	Himachal Pradesh	31.2	32.0	33.1
3	Jammu & Kashmir	46.2	48.9	52.2
4	Punjab	59.4	57.4	56.5
5	Rajasthan	83.9	81.9	83.4
6	Chandigarh	107.5	99.4	91.4
7	Delhi	110.7	96.6	95.6
8	Ladakh	36.6	35.4	36.9
9	Arunachal Pradesh	25.3	30.2	25.1
10	Assam	44.4	48.1	50.7
11	Manipur	59.1	60.1	66.3
12	Meghalaya	35.5	37.9	32.3
13	Mizoram	36.8	42.2	45.7
14	Nagaland	37.9	57.3	43.8
15	Tripura	42.8	42.6	43.3
16	Bihar	37.2	41.2	44.2
17	Jharkhand	30.4	31.5	32.6
18	Odisha	42.2	42.9	43.5
19	Sikkim	31.7	36.3	41.8
20	West Bengal	51.8	49.2	49.0
21	Andaman & Nicobar Islands	44.1	46.5	51.1
22	Chhattisgarh	65.2	66.8	70.0
23	Madhya Pradesh	72.1	70.7	70.4
24	Uttar Pradesh	44.3	44.2	46.4
25	Uttarakhand	37.8	36.7	37.5
26	Goa	26.3	25.8	25.9
27	Gujarat	82.8	79.5	81.7

28	Maharashtra	89.4	79.2	77.8
29	Dadra & Nagar Haveli	64.7	52.4	51.2
30	Daman & Diu	-	-	-
31	Andhra Pradesh	128.9	135.2	142.7
32	Karnataka	69.9	63.2	64.3
33	Kerala	66.2	64.0	63.3
34	Tamil Nadu	109.2	103.8	103.7
35	Lakshadweep	8.7	7.9	9.6
36	Puducherry	66.5	67.2	65.8
37	Telangana	110.5	99.3	103.4
	ALL INDIA	76.5	71.7	72.1
	: Nil/Not Applicable/Negligible.			
	Note: Latest data is available as of March 2022 Since 2020, figures for Dadra & Nagar Haveli include Daman & Diu as well.			
	Source: Basic Statistical Returns of Scheduled Commercial Banks in India, RBI, various issues.			

G. Decentralized procurement

4.13 During the sitting of the Committee state of food subsidy for decentralized procurement of food grains and payment issues and need for transparency on the same were also raised, to which the Finance Secretary responded as follows:

> *"On the question regarding the decentralized procurement, I would submit that we have adopted the figure that was requested by the Department of Food and Public Distribution as what they required because this is a scheme where we are very keen or the entire Government is very keen that food grains should reach to those who are entitled to it. So, decentralized procurement is not something on which any significant reduction has been made by the Department of Expenditure in the amount demanded by the Department of Food and Public Distribution."*

H. Disinvestment

4.14 The Ministry furnished the following data about disinvestment targets and actual achievement for the last five financial years:-

Year	Target (Revised Estimates) (Rs. Crore)	Actual receipts

		(Rs. Crore)
2018-19	80,000	84,972
2019-20	65,000	50,300
2020-21	32000	32886
2021-22	78,000	13534
2022-23	50,000	31,107*

*as on 10.02.2023

4.15 During the course of the sitting, Secretary, DIPAM was asked for reasons for the gap between targets and achievements, to which he responded as follows:-

"There is a gap between target and achievement. That is also the nature of disinvestment...

... Disinvestment is a function of market, patience, and unpredictability...

... that is why we have scaled down the target now as well to see what is achievable under a very volatile market condition because it also creates a lot of price overhang when we are doing market dilution of equity stake".

I. Special Purpose Vehicle for monetization of fixed assets of CPSEs.

4.16 During the sitting of the Committee, Secretary, Department of Public Enterprises informed about the Special Purpose Vehicle for monetization of fixed assets of CPSEs being incorporated and upon enquiring about the assessment of what the market value of land is amongst Central Public Sector Enterprises, Secretary, Department of Public Enterprises stated -

"That kind of detailing is not there".

J. Social Sector

4.17 During the course of the sitting the question of share of social sector and agriculture sector as a percent of GDP declining was raised, to which the Finance Secretary submitted the following:

"I would not agree that this has declined across the board. For example, for Rural Development Sector the BE this year was Rs. 206293 crore and this year it has gone up to Rs. 238204 crores. It is more than the rate of growth of nominal GDP. So, I will not be able to generalise. There are cases where there is an absolute

increase. It may have declined in percentage of GDP terms. That does happen from Budget to Budget as the Government makes incremental adjustments towards the priorities of the time. I would, however, also submit that in most of programmes where this has happened, State Governments have been unable to actually spend the amounts allocated to them and therefore the RE are lower than the BE. These we have not cut. I am placing before the Committee that these are reduced demands coming from the respective departments because they are unable to spend. Yes, there may be cases where the growth is less than the growth of the size of the economy of the Budget. That is a fact".

K. GIFT City

4.18 A slew of measures have been announced in the Budget to enhance business activities in GIFT IFSC. The Committee enquired about the fund allocation and initiatives to be undertaken in the year 2023-24 to promote business activities in GIFT IFSC and measures to be undertaken to give a major push to the GIFT City to bring it at par with global counterparts.

4.19 The Ministry furnished the following reply:-

The Hon'ble FM has made several announcements related to GIFT IFSC in the Budget Speech 2023 for elevating the status of GIFT IFSC as a global financial centre by enhancing business activities at GIFT IFSC.

GoI has been extending policy and financial support to the unified regulator of financial services in IFSC viz; IFSCA since its establishment in April 2020. Grant-in-aid (G-i-A) amounting to Rs. 20.55 crores and Rs. 95.16 crores have been released to IFSCA in FY 2020-21 and 21-22 respectively. Further, an amount of Rs. 123.85 crores has been provisioned for IFSCA in the current financial year. In addition to the above GoI has projected Rs. 181.79 crores as the budget estimates for FY 2023-24.

Most of the assistance is linked to projects and Schemes aimed at improving ease of doing business, availability of office space and boosting the innovation and start-up ecosystem at GIFT-IFSC. For instance, the Government has approved the "Fin-Tech Incentive Scheme 2021" of IFSCA with budgetary allocation of Rs 45.75 crores over three years in November 2021.

L. National Financial Information Registry (NFIR)

4.20 In the Central Budget (2023-24) the Government has proposed aNational Financial Information Registry (NFIR) which will be set up to serve as the central repository of financial and ancillary information. NFIR aims to facilitate efficient flow of credit, promote financial inclusion, and foster financial stability. A new legislative framework will govern this credit public infrastructure, and it will be designed in consultation with the RBI.

4.21 The Committee sought details about the role, objectives, framework and benefits of NFIR, to which the following reply was submitted by the Ministry: -

The Budget for 2023-24 seeks to set up the National Financial Information Registry ("the NFIR") through a new legislative framework. The objective is to create a central repository of financial information, facilitate the efficient flow of credit, promote financial inclusion, and foster financial stability in the country.

A comprehensive financial information system removes information asymmetry, reduces the cost of assessing the creditworthiness of borrowers, and thereby improves their access to credit. The existing financial information system is fragmented, incomplete and inefficient and not available through a single window. In credit decision-making process, apart from credit history, other ancillary information (for example, ancillary information like corporate balance sheet information, tax information, utility bill payments information, etc.) is also critical to have a comprehensive view of a borrower's indebtedness and creditworthiness. Such ancillary information is currently not being reported as part of the existing credit information repository. Therefore, it is imperative that the existing disparate financial information systems be integrated by creating NFIR which would reduce the information asymmetry in the financial sector and improve the access of borrowers, especially MSMEs, to finance. A repository for financial information beyond credit information, in the form of NFIR, will improve the credit delivery system so that the populace not having access to formal credit, or with limited or no credit history, can have better access to institutional credit. The resulting increase in credit flow, especially to the MSME sector and the underserved populace, could help propel the Indian economy to a higher growth path.

PART II

OBSERVATIONS/RECOMMENDATIONS

DEMAND NO. 32 - DEPARTMENT OF FINANCIAL SERVICES

1. The Committee upon scrutiny of Demand No. 32 relating to Department of Financial Services seeks to co-relate between Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure incurred. As against RE (2022-23) of Rs. 6303.42 crore which was decreased from BE (2022-23) of Rs, 7174.77 crore, the actual expenditure for Financial Year 2022-23 as on 31.01.2023 by the Ministry is just Rs.711.41 crore. Further, BE (2023-24) stands at Rs.1374.66 crore i.e., has declined substantially by Rs.5800.11 crore from the previous BE (2022-23) of Rs. 7174.77 crore. Some of the reasons furnished by the Department for change in RE (2022-23) i.e., a reduction of Rs.871.35 crore over BE (2022-23) include reduction in subscription to the share capital of NABARD, loans for settlement of claims on invoking guarantee given by Government under partial credit guarantee scheme, credit guarantee scheme for Micro Finance Institutions etc. Furthermore, some of the reasons for change in BE (2023-24) vis-*à-vis* BE (2022-23) furnished include sufficient funds for subscription to the share capital of NABARD, subscription to share capital of Export Import Bank of India, contribution of Government's share for recapitalization of Regional Rural Banks (RRBs), financial support to NCGTC for credit guarantee fund etc. The Committee would like to point out that the Department still has about Rs. 5592.01 crore i.e., 88.71% of RE (2022-23) as on 31.01.2023 which remains unutilized with just two months to go for the financial

year. The Committee would further urge the Department to ensure allocated amounts to be efficiently utilized by institutions such as NABARD, EXIM Bank and that diligent and efficient disbursement be undertaken for various schemes under the Department.

CAPITAL EXPENDITURE (CAPEX)

2. The Committee note that out of the BE (2022-23) of Rs. 7,50,246 crores as on 02.02.2023, the actual expenditure has been Rs.5,93,099 crore *i.e.,* a sum of Rs.1,35,175 crore remains from the revised estimate (2022-23) of Rs. 7,28,274 crores. The budget estimate for the current financial year 2023-24 has been put at Rs.10,00,961 crore i.e., an increase of Rs.2,50,715 crore from the previous BE (2022-23) of Rs.7,50,246 crore which in itself was a sharp jump of 35.4% in capex from its previous budget estimate.

The Committee is given to understand that a capex thrust in the last two budgets of the Government has led to a pick-up in and crowding in of private sector investment since FY 2022 as per the Axis Bank Capex Report. In this regard, the Committee feel that there is a need for historical private sector capex data from official government sources and would thus recommend that the Ministry must collate and publish valid historical private sector capex data by industry and region on its own for an objective analysis. In addition, MoSPI or NITI Aayog should conduct forward-looking surveys on private sector capex investment intentions by industry and region to understand future trends. These types of surveys will also help various suppliers prepare better for equipment, real estate, and workforce requirements associated with private sector capex.

Furthermore, the Committee desire that it should be ensured that the budget allocation set aside for capital expenditure is met efficiently by both centre and states, as investments in infrastructure and productive capacity have a large multiplier impact on growth and employment. The Committee believe that the rise in capital expenditure would help achieve the objective of growth, job creation and being a cushion against global headwinds as one of the primary engines driving up consumption and leading the economy into a virtuous growth cycle.

NATIONAL INVESTMENT AND INFRASTRUCTURE FUND (NIIF)

3. **The Committee note that National Investment and Infrastructure Fund (NIIF) is a fund manager established as category II Alternative Investment Fund (AIF) under the SEBI regulations. It acts as a platform for both national and international investors with the goal of investing equity capital in domestic economic and social infrastructure and has three types of funds viz. National Investment and Infrastructure Fund (Master Fund, "NIIF MF"), National Investment and Infrastructure Fund (Fund of Funds –I "NIIF FoF") and National Investment and Infrastructure Fund -II (Strategic Opportunities Fund "SoF"). The Committee observe that in NIIF Fund of Funds-I, Rs.2215 crore has already been deployed out of the Rs.3862 crore fund's portfolio commitments. The Committee desire that the performance of Master Fund of NIIF should be enhanced since as on December 31, 2022, only Rs. 4177 crores have been deployed, while investor commitments to fund and fund's portfolio commitments stand at Rs.15998 crore and Rs.9653 crore respectively. Needless to emphasize, the NIIF has an essential**

role in economy building with its objective to generate attractive long-term risk adjusted returns for investors on a sustainable basis and maximize the economic impact through infrastructure development. To that end, NIIF can facilitate the development of GIFT City as an aircraft leasing hub for India as well.

GREEN CLIMATE FINANCE

4. The Committee believe that green climate financing is the need of the hour and clarity on taxonomy for green finance should be given priority as 'green growth' is a key pillar of the Government's economic vision. The Committee desire that blended finance instruments should be deployed by financial institutions in the field of green financing and climate investment as blended finance holds the potential to catalyse private finance in high risk, long gestation projects. Further, the Committee understand that Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) are engaging with the International Sustainability Standards Board (ISSB) for standards to be issued on sustainable finance and climate finance. The Committee understand that even the Micro, Small & Medium Enterprises (MSMEs) have to report for sustainability, which might be too much of an obligation on financially fragile MSMEs. The Committee therefore desire that RBI and SEBI should pursue the matter with ISSB so that pertinent issues of developing economies are flagged and taken into consideration by ISSB while formulating the standards for sustainable finance and climate finance.

INSURANCE SECTOR

5. The Committee are concerned about the financial health of General Public Sector Insurance Companies, as despite measures such as focusing on pursuing profitable business including motor and health portfolio, improving risk management practices, monetizing the commercial and residential assets not in use, modernizing and upgrading IT systems, capital infusion etc., the desired results do not seem to be appearing. The solvency position of three major Public Sector General Insurance Companies (PSGICs) namely National Insurance Co. Limited, United India Insurance Co. Limited and Oriental Insurance Co. Limited is still strained.

6. The Committee are concerned that with the tweaks in the slabs and rates in the New Tax Regime, there might be a decline in life insurance penetration in the country as a major chunk of the population invests in life insurance products as tax saving instruments, which is also the most important source of loanable / investment fund in the economy. The Committee also urge that a comprehensive study be undertaken to evaluate the impact of opening up of the insurance sector, so that any changes, if needed, can be made to the Act governing the Insurance sector.

CREDIT DEPOSIT RATIO

7. The Committee observe that the Non-Performing Assets (NPAs) have been declining and that a well-capitalized banking system with a low NPA ratio and more robust corporate sector fundamentals will continue to enhance the flow of

bank credit into productive investment opportunities. However, the Committee observe that the figures of credit-to-deposit ratio of Scheduled Commercial Banks (SCBs) made available to the Committee demonstrate uneven credit disbursal across the country, with the economically backward and geographically difficult terrain states/regions lagging behind in availability and extension of bank credit. The Committee urge that strategies and policies for the banking sector should be formulated in a fashion so as to address this gap.

DECENTRALIZED PROCUREMENT

8. The Committee notice that Central fund transfers for food subsidy in decentralized procurement of food grains is a pain point for some states. The Committee desire that such disbursement issues be resolved so that seamless flow of funds to the states is maintained under various central schemes.

DISINVESTMENT

9. The Committee note the actual receipts of Rs.13,534 crore as against the target (Revised Estimates) of Rs.78,000 crore for Financial Year 2021-22 and receipts of just Rs.31,107 crore (as on 10.02.2023) against target of Rs.50,000 crore for Financial Year 2022-23. The Committee are informed that the gap between target and achievement is inherent in the nature of disinvestment which is a function of market conditions. The Committee take note of the more achievable scaled down targets under volatile market conditions.

SPV FOR MONETIZATION OF FIXED ASSETS OF CPSEs

10. The Committee are informed that a Special Purpose Vehicle (SPV) for monetization of fixed assets of Central Public Sector Enterprises (CPSEs) has been incorporated. The Committee desire that an assessment of the market value of land amongst Central Public Sector Enterprises under the Special Purpose Vehicle be undertaken. The Committee feel that it is essential to have a sense of the value of these significant assets of the Government, as they possess major monetization opportunity. The Committee suggest selling the land at a higher cost after developing the land, rather than just settling for the land value, as the enhanced value holds the potential to aid the economy, given the current fiscal situation and the significant land holdings possessed by the Government. Further, the Committee desire that amicable solutions be reached with the State Governments with regard to conflicted landholdings and the Special Purpose Vehicle be utilized in an efficient manner.

SOCIAL SECTOR

11. The Committee would like to press on the need for sufficient funds for improving social sector financing in India. The Committee are of the view that improving social sector financing in India requires a multi-faceted approach that involves government policies, private sector engagement, and international cooperation. The Committee feel that by adopting strategies such as encouraging impact investing in India's social sector, crowdfunding for social sector initiatives, encouraging more companies to engage in Corporate Social Responsibility (CSR), Public-Private Partnerships (PPP) and

working with international organizations to secure more aid funding along with enhanced Government spending, the country can mobilize more finances for the social sector uplifting the lives of our citizens.

GIFT CITY

12. The Committee note that various measures to enhance business activities in GIFT IFSC have been undertaken by the Government in recent times. The Committee believe that the success of the GIFT City depends upon the Government's ability to create a support environment that attracts businesses and investors. The Committee feel that in addition to developing world class infrastructure and offering incentives to businesses, it is essential to establish regulatory framework which is easy to understand and comply with; aggressively market GIFT City to international investors and businesses at various international fora; foster a supportive ecosystem and develop a local workforce with requisite skills to work in the GIFT city to support its growth. The Committee are confident that GIFT City, which holds the potential to become a vibrant global financial hub for domestic and international entities, will contribute to our growth story in a major way. With the large aircraft orders being undertaken by India's airlines, GIFT City has an excellent opportunity to emerge as India's aircraft leasing hub.

NATIONAL FINANCIAL INFORMATION REGISTRY (NFIR)

13. The Committee note that the Budget 2023-24 seeks to set up the National Financial Information Registry (NFIR) as a central repository of financial

information, facilitate the efficient flow of credit, promote financial inclusion and foster financial stability in the country. The Committee understand that a comprehensive financial information system will remove information asymmetry, reduce the cost of assessing the credit worthiness of borrowers and improve access to credit especially to the Micro, Small & Medium Enterprises (MSMEs). The Committee have been apprised that the existing financial information system is fragmented, incomplete and inefficient and not available through a single window and that the establishment of NFIR will improve the credit delivery system and result in increased credit flow especially to the MSME sector and the underserved population. The Committee desire that the setting up of NFIR be expedited, which will thus help consolidate all the financial information, while facilitating Government's push towards financial inclusion and sustenance of the MSME sector in the country, taking the Indian economy onto a faster growth trajectory.

New Delhi;
15 March, 2023
24 Phalguna, 1944 (Saka)

SHRI JAYANT SINHA,
Chairperson
Standing Committee on Finance

Minutes of the Thirteenth sitting of the Standing Committee on Finance (2022-23). The Committee sat on Wednesday, the 1st March, 2023 from 1100hrs. to 1430 hrs in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Shri Jayant Sinha – Chairperson

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Dr. Subhash Ramrao Bhamre
4. Smt. Sunita duggal
5. Shri Sudheer Gupta
6. Shri Manoj Kishorbhai Kotak
7. Shri Hemant Shriram Patil
8. Shri Ravi Shankar Prasad
9. Shri Nama Nageswara Rao
10. Prof. Sougata Ray
11. Shri Gopal Chinayya Shetty
12. Shri Manish Tewari
13. Shri Balashowry Vallabbhaneni
14. Shri Rajesh Verma

RAJYA SABHA

15. Dr. Radha Mohan Das Agarwal
16. Shri P. Chidambaram
17. Shri Damodar Rao Divaknoda
18. Shri Sushil Kumar Modi
19. Dr. Amar Patnaik
20. Dr. C.M. Ramesh
21. Shri G.V.L Narasimha Rao

SECRETARIAT

1. Shri Siddharth Mahajan - Joint Secretary
2. Shri Ramkumar Suryanarayanan - Director
3. Shri Kulmohan Singh Arora - Additional Director

WITNESSES

Department of Economic Affairs

1. Shri Ajay Seth, Secretary
2. Dr. V.A. Nageswaran, Chief Economic Adviser
3. Shri Rajat Kumar Mishra, Additional Secretary
4. Shri Ashish Vachhani, Additional Secretary
5. Shri Rajeev Saksena, Joint Secretary
6. Shri Baldeo Purushartha, Joint Secretary

Department of Expenditure

1. Dr. T.V. Somanathan, FS & Secretary
2. Ms. Annie Geroge Mathew, Special Secretary, (Pers.)
3. Sh. S.S.Dubey, Addl. Controller General of Accounts
4. Ms. Aastha S. Khatwani, Addl. Controller General of Accounts
5. Dr. Sajjan Singh Yadav, Additional Secretary
6. Shri Manoj Sahay, AS&FA (Finance)

Department of Financial Services

1. Shri Vivek Joshi, Secretary
2. Shri Suchindra Misra, Additional Secretary
3. Shri M.P. Tangirala, Additional Secretary
4. Shri Pankaj Sharma, Joint Secretary
5. Shri Bhushan Kumar Sinha, Joint Secretary
6. Shri Sameer Shukla, Joint Secretary
7. Shri Mukesh Kumar Bansal, Joint Secretary
8. Shri Saurabh Mishra, Joint Secretary

Department of Investment and Public Asset Management (DIPAM)

1. Shri Tuhin Kanta Pandey, Secretary
2. Ms. Parama Sen, Additional Secretary
3. Dr. Alok Pande, Joint Secretary

4. Shri Manoj Kumar, Joint Secretary
5. Dr. Shailendra Kumar, Joint Secretary
6. Shri Rahul Jain, Joint Secretary

Department of Public Enterprises (DPE)

1. Shri Ali Raza Rizvi, Secretary
2. Shri Lucas Laiconsing Kamsuan, Joint Secretary
3. Shri S.K.Jain, Joint Secretary

2. At the outset, the Chairperson welcomed the Members and the witnesses to the sitting of the Committee. After the customary introduction of the Witnesses and their introductory remarks, the major issues discussed include general state of the economy; push for public private partnership; fiscal consolidation; Debt-GDP ratio of central government; headline fiscal deficits; capital expenditure; rise of private sector expenditure; servicing of debt, interest payments, Fiscal Responsibility and Budget Management (FRBM) laws for the states, reasons for falling transfer to states; capital formation and capital requirements for growth from various sources to reach $10 trillion economy; trend in private capex; private investment being reliant on foreign capital; jumpstarting aircraft leasing under NIF; ability of NIF to be able to motivate and stimulate private sector capital expenditure; green climate finance and green taxonomy; unemployment; India's labour force participation rate; contraction in manufacturing; Central capital expenditure availed by states; double counting of figures; gross fixed capital formation; need for reliable data on private sector capex particularly for MSME sector; impact of Ease of Doing business on MSMEs; changes in GIFT city regulations; funds for rural development and social sector as a percent of GDP; taxonomy for natural farming; procurement of food grains by states; fiscal implications of old pension scheme and new pension scheme; gross value added; Vivad-se-Vishwas scheme; long term hidden liabilities; Ayushman and health care liabilities; financial inclusion; credit guarantee schemes; disinvestment targets and guidelines; Special Purpose Vehicle for monetization of fixed assets of CPSEs; CD ratio of States; vigilance and oversight by insurance companies on the performance of their investments; impact of foreign or non-Government insurance companies over the insurance ecosystem in the country;

flexibility to public insurance companies to compete comfortably; estimation of land asset worth and process of it being transferred to the Special Purpose Vehicle (SPV); disinvestment of insurance companies; new PSE policy and land assets locked with the sickening Public Sector Units.

3. The witnesses responded to the queries raised by the Members and the Chairperson then directed the representatives of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Investment & Public Asset Management and Public Enterprises) to furnish written replies to the points raised by the Members which could not be readily replied by them during the discussion within a week to the Secretariat.

The witnesses then withdrew.

A verbatim record of the proceedings has been kept.

Minutes of the Fifteenth sitting of the Standing Committee on Finance (2022-23) The Committee sat on Wednesday, the 15th March, 2023 from 1500hrs. to 1720 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Jayant Sinha – Chairperson

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Subhash Chandra Baheria
4. Dr. Subhash Ramrao Bhamre
5. Smt. Sunita duggal
6. Shri Gaurav Gogoi
7. Shri Sudheer Gupta
8. Shri Manoj Kishorbhai Kotak
9. Shri Pinaki Misra
10. Shri Hemant Shriram Patil
11. Shri Ravi Shankar Prasad
12. Prof. Sougata Ray
13. Shri Gopal Chinayya Shetty
14. Dr. (Prof.) Kirit Premjibhai Solanki
15. Shri Manish Tewari
16. Shri Balashowry Vallabhaneni
17. Shri Rajesh Verma

RAJYA SABHA

18. Shri Sushil Kumar Modi
19. Dr. Amar Patnaik
20. Shri G.V.L Narasimha Rao
21. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Siddharth Mahajan	-	Joint Secretary
2.	Shri Ramkumar Suryanarayanan	-	Director
3.	Shri Kulmohan Singh Arora	-	Additional Director

PART I

2. XX XX XX XX XX XX

XX XX XX XX XX XX.

(The witnesses then withdrew)

3. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up the following draft reports for consideration and adoption:

(i) Fifty-Fourth Report on Demands for Grants (2023-24) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Investment & Public Asset Management and Public Enterprises).

(ii) Fifty-Fifth Report on Demands for Grants (2023-24) of the Ministry of Finance (Department of Revenue).

(iii) Fifty-Sixth Report on Demands for Grants (2023-24) of the Ministry of Corporate Affairs.

(iv) Fifty-Seventh Report on Demands for Grants (2023-24) of the Ministry of Planning.

(v) Fifty-Eighth Report on Demands for Grants (2023-24) of the Ministry of Statistics and Programme Implementation.

After some deliberations, the Committee adopted draft Reports on DFG (2023-24) and authorised the Chairperson to finalise them and present the Reports to the Parliament.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.