01

STANDING COMMITTEE ON FINANCE
(2024-25)

EIGHTEENTH LOK SABHA

MINISTRY OF FINANCE

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

DEMANDS FOR GRANTS
2024-25

FIRST REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

December, 2024/ Agrahayana, 1946 (Saka)

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(2024-25)

Presented to Lok Sabha on 06 December, 2024

Laid in Rajya Sabha on 06 December, 2024

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LOK SABHA SECRETARIAT
NEW DELHI

December, 2024/ Agrahayana, 1946 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON FINANCE (2024-25)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Lavu Sri Krishna Devarayalu
5. Shri Gaurav Gogoi
6. Shri K. Gopinath
7. Shri Suresh Kumar Kashyap
8. Shri Kishori Lal
9. Shri Harendra Singh Malik
10. Shri Chudasama Rajeshbhai Naranbhai
11. Thiru Arun Nehru
12. Shri N. K. Premachandran
13. Dr. C. M. Ramesh
14. Smt. Sandhya Ray
15. Prof. Sougata Ray
16. Shri P. V. Midhun Reddy
17. Dr. Jayanta Kumar Roy
18. Dr. K. Sudhakar
19. Shri Manish Tewari
20. Shri Balashowry Vallabhaneni
21. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

22. Shri P. Chidambaram
23. Shri Milind Murli Deora
24. Dr. Ashok Kumar Mittal
25. Shri Yerram Venkata Subba Reddy
26. Shri S. Selvaganabathy
27. Shri Sanjay Seth
28. Dr. Dinesh Sharma
29. Smt. Darshana Singh
30. Dr. M. Thambidurai
31. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Gaurav Goyal	Joint Secretary
2.	Shri Vinay Pradeep Barwa	Director
3.	Shri T. Mathivanan	Deputy Secretary
4.	Ms. Yugma Malik	Under Secretary

INTRODUCTION

I, the Chairperson, of the Standing Committee on Finance, having been authorised by the Committee, present this First Report (Eighteenth Lok Sabha) on 'Demands for Grants (2024-25)' of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management).

2. The Demands for Grants (2024-25) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management) have been examined by the Committee under Rule Section 331E(1)(a) 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 & Public Asset Management) on 28 October 2024. The Committee wish to express their thanks to the representatives of the Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & 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 (2024-25).

4. The Committee considered and adopted this Report at their Sitting held on 04 December, 2024.

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

6. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

New Delhi;
<u>4 December, 2024</u>
13 Agrahayana, 1946 (Saka)

Bhartruhari Mahtab
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 Bank 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	Transfers 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 sixteen main divisions. Some of the key functions of the divisions are highlighted briefly in the following paragraphs:

(1) <u>Economic Division</u>

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) Budget Division

2.4 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 and Union Territories (UTs) under President's Rule. The Division also deals with issues relating to Public Debt, Market Loans of the Central Government and 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

2.5 Financial Markets Division is primarily responsible for policy issues related to the development of the securities markets and matters incidental thereto. The Division is also responsible for policy matters relating to foreign exchange management. Since 2013, the Division is entrusted with the development of commodity derivative markets. The division looks after the administrative matters of the Securities and Exchange Board of India (SEBI), International Financial Services Centres Authority (IFSCA) and Securities Appellate Tribunal (SAT). The division organises financial regulatory dialogues with USA, UK and Japan and EU.

2.6 FM Division is responsible for the administration of SEBI Act 1992, Foreign Exchange Management Act (FEMA) 1999, International Financial Services Centres Authority Act, 2019, Securities Contracts Regulation (SCRA) Act 1956, Depositories Act, 1996 and Section 20 of the Indian Trust Act, 1882 and related regulations and notifications thereunder. Issues related to erstwhile Forward Contracts (Regulation) Act, 1952 is also handled in the FM Division.

2.7 Government of India implemented a major financial sector reform by establishing and operationalising India's maiden International Financial Services Centre (IFSC) in GIFT City, Gujarat with the vision to develop GIFT IFSC as a leading internationally recognized financial centre with trusted business regulations, competitive tax structure and ease of doing business.

(4) Financial Stability and Cyber Security Division

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 Chairperson of the FSDC is the Finance Minister and its members include Minister of State for Finance, the Heads of financial sector Regulators and Secretaries of the relevant Ministries/Departments of the Government of India. The FSDC monitors macro-prudential supervision of the economy and deliberates on contextual issues covering financial stability, financial sector development, inter-regulatory coordination, financial literacy, financial inclusion and coordinating India's international interfaces with financial sector bodies.

(5) Financial Sector Reforms and Legislation Division

2.9 The Financial Sector Reforms and Legislation (FSRL) Division was established in 2013 to facilitate the implementation of Financial Sector Reforms recommended by the Financial Sector Legislative Reforms Commission (FSLRC) or as deemed necessary. The key reforms implemented based on the FSLRC recommendations include creation of Financial Sector Regulatory Appointment Search Committee (FSRASC); merger of Forward Markets Commission (FMC) with the Securities and Exchange Board of India (SEBI); strengthening financial consumer protection in India; implementation of governance-enhancing non-legislative recommendations of the FSLRC by financial sector regulatory agencies; setting up of a Public Debt Management Cell (PDMC) as an independent and statutory debt management agency and institutionalising of the statutory Monetary

Policy Framework, including setting of inflation targeting and formation of a Monetary Policy Committee to determine policy interest rates, through amendment to the Reserve Bank of India Act, 1934.

(6) <u>Infrastructure Policy & Planning Division</u>

2.10 The Division consists of three Units namely: (a) Finance Unit (FU); (b) Policy & Planning Unit (PPU); and (c) Capacity Building Unit (CBU).

(a) The Finance Unit deals with financing requirements of infrastructure including conceiving new initiatives related to infrastructure financing and promotion of investment in infrastructure sectors.

(b) The Policy & Planning Unit deals with Infrastructure Investment Policy; Institutional Mechanism on the Harmonized Master List of Infrastructure Sub-sectors; sectoral charge of M/o Road Transport & Highways, M/o Ports, Shipping & Waterways, M/o Civil Aviation, M/o Railways, M/o Housing and Urban Affairs, Dept. Of Telecommunications, and Dept. of Posts; analysing non-PPP investment proposals concerning Road Transport & Highways; Ports, Shipping, Inland Water Transport; Railways; Telecommunications; Civil Aviation; Urban Development sectors and monitoring of National Infrastructure Pipeline (NIP) implementation by 22 Union Ministries/Departments; and

(c) The Capacity Building Unit is entrusted with the work related to Capacity Building in Central Ministries/State Governments and other Agencies through trainings/workshops/seminars for project preparation, design and structuring, project appraisal, project financing, preproject activities, procurement, implementation planning and management etc.

(7) <u>Investment and Digital Economy Division</u>

2.11 Investment Division comprises of five different sections: (a) Foreign Direct Investment & Overseas Direct Investment Policy (FDI & ODI) Section; (b) Domestic Investment (DI) Section; (c) Digital Economy (DE) Section; (d) International

Investment Treaties and Framework (IITF) Section; and (e) Foreign Trade & Services (FT) Section.

(a) FDI & ODI Section provides policy support on foreign investment policies. It also co-ordinates with DPIIT, DFS, RBI and SEBI on foreign investment issues and also offers them comments/ suggestions on any amendment in FDI policy. It also suggests measures for improving investment environment in India with respect to FDI policy.

(b) DI Section plays a crucial role in channeling investments towards sectors of national importance for India, especially infrastructure and middle-income housing. It manages two funds- the National Investment and Infrastructure Fund (NIIF) and the SWAMIH Fund.

(c) DE Section identifies policy interventions for the Digital Economy and FinTech, and digital infrastructure gaps and measure the progress.

(d) IITF Section negotiates and conclude Bilateral Investment Treaties (BITs) with other countries; and

(e) FT Section deals with the Policy matters related to Gold *viz.* Gold Monetisation Scheme (GMS), Indian Gold Coin (IGC) and Gold Metal Loan (GML), Drafting Policy for promotion of Gold as a Financial Asset Class and providing advice on references received from Ministry of Commerce, Heavy Industries and MSME and coordination within Investment Division.

(8) <u>Administration Division</u>

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) Bilateral Cooperation & Sustainable Finance Division

2.13 This Division deals with Bilateral Official Development Assistance Policy; Concessional Credit extended by Government of India to partner countries under Indian Development and Economic Assistance Scheme (IDEAS) through Lines of Credit and Concessional Finance for strategic overseas infrastructure projects; Economic Policy Dialogues and Forums; UNDP & Sustainable Finance and Short-term Foreign Training Courses.

(10) Coin & Currency Division

2.14 Coin and Currency Division is responsible for policy related to all aspects of the currency and coinage of India. Currency Section deals with all policy matters relating to design, form and material of currency notes/banknotes including security features, and operational issues relating to production, planning of printing of bank notes, Currency related legislation, indigenization of bank note materials, expansion, up-gradation and modernization of Presses, Paper Mills, Ink factory, etc., Coin Section deals with policy matters relating to design, shape and size of circulation coins, fixation of fair selling price of coins, coins related legislations and issuance of Commemorative Coins, security products *viz.* passport, postal stamps, Non-Judicial Stamp Paper, production planning of coins and determination of indent of coins, expansion, diversification and modernization of Mints and Security Presses.

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-States 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 (AJNIFM), Faridabad, which is an autonomous body.

Department of Financial Services
Demand No. 32

2.17 As per Allocation of Business Rules (AOBR), the functions of the Department of Financial Services (DFS) include legislative and administrative matters pertaining to financial services sectors of Banking, Insurance, and Pension. These include the administration of various acts related to financial services sector and monitoring the performance of public sector banks, insurance companies and other financial institutions in banking insurance. The Department of Financial Services oversees several key programs / initiatives of the Government concerning the Banking Sector, the Insurance Sector and the Pension Sector in India. The key flagship schemes being currently managed by the Department include the Financial Inclusion scheme of Pradhan Mantri Jan Dhan Yojana (PMJDY), the social security schemes, namely Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) & Atal Pension Yojana (APY) and the credit schemes namely Pradhan Mantri Mudra Yojana (PMMY) & Stand Up India (SUI).

2.18 All matters pertaining to three financial sector regulators, viz., Reserve Bank of India (RBI), Insurance Regulatory and Development Authority of India (IRDAI) and

Pension Fund Regulatory and Development Authority (PFRDA) are processed through this Department. It also functions as administrative department for Debt Recovery Tribunals (DRT)/Debt Recovery Appellate Tribunals (DRAT).

2.19 In addition to the aforesaid policy issues, the Department is also responsible for appointment of key functionaries of the financial services sector such as 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)/ Non-official Directors to the Board of Public Sector banks/insurance companies/other financial institutions.

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 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 therefor.
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.

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 40012 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 fulfil 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 2020-21 onwards along with actual expenditure.

Grant No. 38 – Indian Audit & Accounts Department

(Rupees in Crore)

Year	Budget Estimates (Gross)	Revised Estimates (Gross)	Surrender of savings	Expenditure
2024-25	6353.77			
2023-24	6183.03	6343.95	24.48	-
2022-23	5976.56	6110.77	73.96	6027.37
2021-22	5434.92	5464.92	80.19	5366.86
2020-21	5433.28	5086.62	365.72	5043.15

Details of Revised Estimates 2023-24 & Budget Estimates 2024-25.

(Rupees in crore)

Year	Revenue (Gross)			Capital	Grant Total (Gross)	% increase
	Salary	Non-Salary	Total			
2023-24	2924.09	3207.05	6131.14	212.81	6343.95	--
2024-25	2966.06	3205.75	6171.81	181.96	6353.77	0.15%

There is a normative 0.15% increase in 2024-25 from Revised Estimates 2023-24.

3.3 The position of Budget Estimates approved for the years, 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25 is as under:-

PART – A

(1) MAJOR HEAD : 2016 – Audit

(In thousands of Rupees)

Revenue Section				
Year	**Voted**	**Charged**	**Total**	**% Increase**
2024-25	58829800	2888300	61718100	2.18%
2023-24	57766000	2636700	60402700	1.07%
2022-23	57474900	2290700	59765600	10.47%
2021-22	52099700	2000000	54099700	-0.10%
2020-21	52288200	1864600	54152800	

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**
2024-25	170000	-	170000	(-) 15.00%
2023-24	200000	-	200000	33.33%
2022-23	150000	-	150000	7.14%
2021-22	140000	-	140000	55.55%
2020-21	90000	-	90000	

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

(In thousands of Rupees)

Year	Voted	Charged	Total	% Increase
2024-25	80000	-	80000	(-) 20.00%
2023-24	100000	-	100000	11.11%
2022-23	90000	-	90000	-17.81%
2021-22	109500	-	109500	21.67%
2020-21	90000	-	90000	

(4) MAJOR HEAD: 4075 – Capital Outlay on Miscellaneous General Services (Major Head: 4016-'Capital Outlay on Audit' from financial year 2024-25)

(In thousands of Rupees)

Year	Voted	Charged	Total	% Increase
2024-25	1507500	62100	1569600	39.20%
2023-24	1127600	-	1127600	-

Increase in expenditure under this head is due to revision in classification of object heads by Ministry of Finance wef 01/04/2023. Expenditure on 'office equipment over 1 Lakh or with useful life of three years' has been capitalised.

Demand No.39

Interest Payments

3.4 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 interest payment including discounting charges on Central Government's debt obligations both internal and external. The Appropriation-Interest Payments 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 etc., provisions for management of debt and other liabilities of the Central Government.

3.5 The actual expenditure incurred during 2020-21 to 2022-23 and estimates of 2023-24 and 2024-25 (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						
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	972715.23	17.44
2023-24	1113971.00	14.84	1106524.08	12.44		
2024-25	1208841.36	8.52				
On Net Basis						
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	940671.02	16.18	940651.02	15.59	928517.05	15.27
2023-24	1079971.00	14.81	1055427.21	12.20		
2024-25	1162940.29	7.68				

3.6 It also includes provision for payment of interest on Ways & Means Advance (WMA)/ Overdraft (OD) facility, if any availed 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) issued to meet the short-term mismatches between receipts and payments of Central Government.

3.7 The reduction of gross provision by ₹ 7446.92 crore in RE 2023-24 was a net result of excess requirement of ₹ 26090.70 crore under various Heads of Accounts and lower requirement of ₹ 33537.62 crore in some other Heads of Accounts, primarily on account of softening of yields of dated securities and lower volume of issuances of T- Bills, set off with higher accrued interest and premium earned on issuance of dated securities in FY 2023-24. In BE 2024-25, higher provision is made owing to increase in fixed incidence due to full year interest payment on securities issued in FY 2023-24 coupled with interest payment provision on fresh borrowing in FY 2024-25.

Demand No.40

Repayment of Debt

3.8 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.

3.9 Fiscal Deficit in a year is financed through borrowings from various sources including cash draw down (if surplus cash is available for use) and repayment obligations are primarily met out of fresh borrowings. An analysis of Demands for Grants No.40-Apprpriation- 'Repayment of Debt', i.e. year wise percentage increase/decrease over the period from 2020-21 to 2024-25 i.e. the actual expenditure incurred during 2020-21 to 2022-23 and estimates of 2023-24 and 2024-25 (on gross and net basis) are tabulated below:

Table: Appropriation No. 40- REPAYMENT OF DEBT

(Rs. in crore)

Year	BE	% increase/ Decrease Over previous year BE	RE	% increase/ Decrease over previous year RE	Actual	% increase/ decrease over previous year
Major Head – 6001 – Internal Debt						
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	7159772.43	8.32
2023-24	8902796.71	26.56	7559291.56	4.48	-	-
2024-25	7902220.37	-11.24				

Major Head-6002-External Debt						
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	39928.70	11.59
2023-24	45656.00	12.42	47873.20	20.03	-	-
2024-25	55910.40	22.46				
Total (Internal Debt + External Debt)						
2020-21	6890921.56	15.17	6481709.92	2.13	6184635.32	-2.24
2021-22	6944151.48	0.77	6062577.74	-6.47	6645468.40	7.45
2022-23	7075067.16	1.89	7275011.61	20.00	7199701.13	8.34
2023-24	8948452.71	26.48	7607164.76	4.57		
2024-25	7958130.77	-11.07				

3.10 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. Disbursement of funds under ITBs (14-day Treasury Bills) depends upon cash flows of State Governments and therefore, it is very difficult estimate it with precision. However, any variation in this Appropriation does not impact the net expenditure budget.

3.11 In the internal debt repayments, a lower net provision of ₹ 1341287.15 crore in RE 2023-24 over BE 2023-24 was owing to anticipated lower repayments in Intermediate Treasury Bills (14 Days T Bills, wherein the State governments are parking their surplus funds and can withdraw therefrom even before maturity to meet their financial obligations), lower volume of utilisation of Ways & Means Advance and non-utilisation of Cash Management Bills due to availability of surplus cash in Government Accounts. In the external debt repayments, there is an excess of ₹ 2217.20 crore.

3.12 In BE 2024-25, higher provision at ₹ 3.51 lakhs crore has been sought over RE 2023-24 owing to anticipation of higher inflows and outflows in ITBs (₹ 5.23 lakh crore) and redemption of special Central Government Securities issued to NSSF (1.10 lakh crore) which is offset by lower provision sought under Ways & Means Advances (- ₹ 1.49 lakh crore), T. Bills (- ₹ 1.21 lakh crore).

Demand No.41
Pension

3.13 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.

(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
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	68237.31	63960.14	(+)4329.66	(+)6.77
	2235 – Social Security & Welfare	50.20	50.20	33.41	44.98	(+)5.22	(+)11.61
	Total	**66840.81**	**68340.00**	**68270.72**	**64005.12**	**(+)4334.88**	**(+)6.77**
2023-24	2071 – Pension and other Retirement Benefits	72657.60	75657.60	75416.22 As per Appropriation A/c Stage-II	68289.80	7367.80	(+)10.79
	2235 – Social Security & Welfare	43.40	43.40	28.56 As per Appropriation A/c Stage-II	50.20	-6.80	(-)13.55
	Total	**72701.00**	**75701.00**	**75444.78**	**68340.00**	**7361.00**	**10.77**
2024-25	2071 – Pension and other Retirement Benefits	80196.90	-	-	-	-	-
	2235 – Social Security & Welfare	44.10	-	-	-	-	-
	Total	**80241.00**	-	-	-	-	-

3.14 Reasons for variations in the Revised Estimates for the last three years 2021-22 to 2023-24 are broadly as under :-

- Due to increase in D.A. rates.

Date from which payable	Dearness Allowances Rate
01.07.2021	31%
01.01.2022	34%
01.07.2022	38%
01.01.2023	42%
01.07.2023	46%

- 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

3.15 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.

3.16 Till 2014-15, PF-S Division was releasing the funds under both Plan & Non-Plan. Plan Grants comprised of ‘Block Grants’ which consisted 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 15th 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.

3.17 The 15^{th} 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.

3.18 The State's share of Central Tax during 2024-25 BE is estimated to be Rs.12,47,211.28 crore as compared to Rs.10,21,448.16 crore in 2023-24 BE showing an increase of Rs. 2,25,763.12 crore during 2024-25. Besides, as per the 15^{th} Finance Commission recommendations, Grant-in-aid of Rs. 51,673.00 crore to cover revenue deficit of State, local body grants (rural and urban local bodies) of Rs. 7,1240.00 crore & grants of Rs. 19,572.80 crore for augmenting the State Disaster Response Fund (SDRF) and an amount of Rs 4,893.20 crore for State Disaster Mitigation Fund (SDMF) has also been provided during BE 2023-24.

3.19 An amount of Rs.1,32,378.17 crore is estimated in 2024-25 (BE) in Demand No. 42 for Finance Commission Grants.

3.20 The Details of provisions and releases under Demand No. 42 for the period (2021-22 to 2024-25) are given in Statement No. 1(a) & (b).

Statement No. 1(a)

Scheme-wise BE,RE & Actual Releases during the period 2021-22 to 2023-24 & BE for 2024-25 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	2021-22			2022-23			2023-24				BE 2024-25
		BE	RE	Actual Releases	BE	RE	Actual Releases	BE	RE	Actual Releases	Short-fall/Excess, if any, with reasons	
1	Special Assistance	15000.00	5000.00	3766.39	15000.00	6000.00	2271.24	12000.00	13000.00	11695.21	'Special Assistance' is a need based assistance which is provided to States as and when demanded.	20000.00
2	Addl. Central Assistance for Externally Aided Projects (EAPs) (Loans & Grants)	49750.00	31165.00	26949.53	36002.00	34880.00	32,885.88	29450.00	34500.00	36787.24	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.	41900.00
3	Support for COVID-19 Vaccination	35000.00	39000.00	35437.68	5000.00	967.00	959.97	0.01	0.01	0.00	This is new Budget line introduced 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	0.01	159000.00	159000.00	0.01	0.02	0.00	0.02	0.02	0.00	This is new Budget line introduced from FY 2020-2021 in order to compensate GST Shortfall to the States/UTs (with legislature).	0.00
5	Special Assistance as Loan to States for Capital Expenditure	10000.00	15000.00	14185.78	100000.00	76000.00	81195.34	130000.00	105551.00	109554.30	This is new Budget line introduced from FY 2020-2021 in order to provide Special Assistance as Loan to States for Capital Expenditure.	150000.00
Total		**109750.01**	**249165.00**	**239339.38**	**156002.01**	**117847.02**	**117312.43**	**171450.03**	**153051.03**	**158036.75**		**211900.01**

Statement 1 (b)

Scheme-wise BE,RE &Actual Releases during the period 2021-22 to 2023-24 & BE for 2024-25 regarding finance Commission Grants under Demand No.42 of Ministry of Finance, Department of Expenditure, Public Finance-States

(Rs.in Crore)

Sl.No.	Schemes	2021-22			2022-23			2023-24			2024-25
		BE	RE	Actual	BE	RE	Actual	BE	RE	Actual (upto 31.01.2023)	BE
A.1	Post Devolution Revenue Deficit Grant	118452.00	118452.00	118452.00	86201.00	86201.00	86201.00	51673.00	51673.00	51673.00	24483.00
2	Grant-in-Aid for State Disaster Relief Fund	22184.00	17747.20	17747.20	18635.20	18635.20	16392.80	19572.80	19572.80	19419.60	20550.40
3	Grant-in-Aid for State Disaster Mitigation Fund	0.00	4436.80	2524.60	4658.80	3500.00	3500.00	4893.20	4893.20	4253.50	5137.60
4	Grants for Local Bodies:										
4(i)	Rural Bodies	44901.00	42623.00	40311.80	46513.00	41000.00	45577.75	47018.00	40778.00	47260.15	49800.00
4(ii)	Urban Bodies	22114.00	14614.00	16147.33	22908.00	15026.00	17779.25	24222.00	19222.00	21223.04	25653.00
5	Grant for Health Sector	13192.00	13192.00	12251.82	13192.00	8895.00	3308.88	13851.00	4000.00	4692.61	6004.17
6	Grants for Incubation of New Cities	0.00	0.00	0.00	0.00	0.00	0.00	4000.00	200.00	0.00	500.00
7	Grants for Shared Municipal Services	0.00	0.00	0.00	0.00	0.00	0.00	250.00	90.00	0.00	250.00
	Total	**220843.00**	**211065.00**	**207434.75**	**192108.00**	**173257.20**	**172759.68**	**165480.00**	**140429.00**	**148521.90**	**132378.17**
B.	National Disaster Response Fund **(NDRF)**	12390.77	9000.00	7670.80	10408.00	6400.00	1665.89	10928.00	7000.00	1048.5	11474.00
C.	National Disaster Mitigation Fund **(NDMF)**	0.00	2478.15	0.00	2602.00	1600.00	0.00	2732.00	2000.00	0.00	2868.60

IV BUDGETARY ALLOCATIONS AND OTHER ISSUES

A. DEPARTMENT OF ECONOMIC AFFAIRS (DEA)

DEMAND NO. 30

(Rs. in crore)

Year	BE	RE	Actuals
2021-22	99549.53	55168.83	47734.06
2022-23	19926.80	14821.59	12133.71
2023-24	15136.54	28417.13	
2024-25	84630.81		

During the sitting of the Committee on 28.10.2024, reasons for wide variations in the estimates i.e., BE-RE of Department of Economic Affairs (DEA) were sought to which the Ministry furnished the following reply:

It is stated that reasons for wide variations in number in Demand No. 30, fiscal year wise are as under:

(1) **FY 2021-22:**A centralized provision of Rs. 44,714.64 crore was made in BE 2021-22 to cater requirement of funds for projects/ programs of the various departments that show good progress on capital expenditure during the course of the year which was reallocated to other Ministries/Departments through second batch of Supplementary Demands for Grants during the FY 2021-22 through technical supplementary. Hence, BE of ₹ 99549.53 crore was reduced to ₹55168.83 crore.

(2) **FY 2022-23:**Decrease from ₹19926.80 crore to ₹14821.59 crore in budget was mainly due to following reasons-

(i) ₹1000 crore under IMF [Maintenance of Value (MOV) obligation] was reduced to NIL at RE due to encashment of securities from Demand No.40-Repayment of Debt.

(ii) BE of ₹2000 crore under Gold Monetization Scheme 2015 was reduced to ₹900 crore due to less mobilisation of gold than anticipated.

(iii) BE of ₹5000 crore under Investment into National Investment and Infrastructure Fund was reduced to ₹1998.70 crore as many expected investments in NIIF did not happen during F.Y 2022-23.

(3) **FY 2023-24**: Increase in RE 2023-24 to ₹28417.13 crore from the BE of Rs. 15136.54 crore was mainly due to following reasons:

- ₹5000.00 crore was provisioned at RE 2023-24 under Transfer to Senior Citizen Welfare Fund.
- ₹1050 crore was increased at RE 2023-24 under Interest Equalization Support for Lines of Credit under Indian Development and Economic Assistance Scheme (IDEAS) due to higher claims received from EXIM Bank on account of rising SOFR and LIBOR rated during 2023-24.
- ₹5922.15 crore was increased under International Monetary Fund [Maintenance of Value (MOV) obligation] at RE 2023-24.

(4) **FY 2024-25**: Steep increase in BE 2024-25 from ₹28417.13 crore last year to ₹ 84630.81 crore is due to following reasons-

(a) ₹8051.00 crore was kept under Budget Head: 3475.00.797.03- Gold reserve Fund. Gold Reserve Fund (GRF) has been created to meet the resource requirement at the time of redemption of Sovereign Gold Bonds (SGBs) due to variations in Gold Price between issuance date and redemption date. The first redemption on maturity took place in the financial year 2023-24 after completion of the maturity period of 8 years i.e. for the bonds issued in the year 2015-16 Therefore a necessary provision has been made in FY 2024-25 for smooth redemption of SGBs.

(b) A provision of Rs.62592.88 crore has been made under Major Head: 5475.00.800.26.01- New Schemes, announced in the Budget Speech, to cater need of funds for additional capital expenditure on infrastructure projects/programs of the various Departments during the year, based on need subject to appropriate parliamentary authorization.

B. NATIONAL INVESTMENT AND INFRASTRUCTURE FUND (NIIF)

4.2 The Committee enquired about the progress of National Investment and Infrastructure Fund (NIIF) during their sitting held on 28.10.2024, to which the following reply was furnished:

The National Investment Infrastructure Fund (NIIF) was conceptualised in 2015 and started its commercial operations in 2017. The structure of NIIF is unique, having been set up as a collaboration between public and private investors to meet India's substantial infrastructure financing requirements, especially equity. Over the years it has developed into an internationally credible and commercially viable investment platform, backed by several highly leading global and domestic investors, including prominent Sovereign Wealth Funds, global pension funds domestic institutions among others [Abu Dhabi Investment Authority (ADIA), Temasek, Australian Super, Ontario Teachers' Pension Plan, Japan Bank for International Cooperation (JBIC), to name a few.

In the 7 years of its operations, NIIF has made substantial progress. It is now a well-established fund management organisation and has developed a credible track record with operational funds in infrastructure, private markets, climate and growth equity.

- NIIF Master Fund had its final close in December 2020 and has a size of INR 15,998 crore (approximately USD 2.3 billion). The Master Fund investors include the Government of India, Abu Dhabi Investment Authority (ADIA), Ontario Teachers, Australian Super, CPPIB, Temasek, PSP Investments, USDFC, Axis Bank Ltd, HDFC Asset Management Company Ltd, HDFC Standard Life Insurance Company Ltd, Housing Development Finance Company Ltd, ICICI Bank Ltd, and Kotak Mahindra Life Insurance Company Limited. NIIF has successfully created seven platforms focused on ports and logistics, renewable energy, roads, airports, smart meters, and digital infrastructure (data centres and last mile connectivity) in its Master Fund.

- NIIF Fund of Fund closed its fundraising in September 2021, with a fund size of INR 4,280 crores (approx. USD 600 million). Anchored by the GOI, it received commitments from multilateral institutions including Asian Infrastructure Investment Bank (AIIB), Asian Development Bank (ADB) and New Development Bank (NDB). Through the Private Markets Fund, NIIF has supported industries that are aligned with India's growth priorities. It has invested in funds focused on climate, affordable housing, healthcare, and venture capital/technologies.
- NIIF has also setup the India Japan Fund (IJF) with JBIC (Japan Bank for International Cooperation) in 2023. IJF is NIIFs first bilateral fund and the commitment by JBIC is its largest equity investment globally and the largest one in NIIF by a foreign investor. IJF will invest in India's environmental preservation sector and support projects that collaborate with Japanese companies with an aim to increase Japanese presence in India.
- In line with the commitment of GOI to climate action NIIF is also launching a green credit fund – the US India Green Transition Fund (USIGF) – with a target size of USD 2 billion. The fund will be anchored by the Government of India and US International Development Finance Corporation (US DFC) who will be providing USD 500 million each as concessional capital. The objective of USIGF is to help lower the cost of capital and attract international private finance at scale to accelerate the deployment of greenfield renewable energy, battery storage, and emerging green technology projects in India.

C. DISINVESTMENT

4.3 The Finance Secretary, while deposing before the Committee during the sitting held on 28.10.2024, stated the following with respect to approach towards disinvestment:

"...the Government actually has revised a fixed target approach for disinvestment. From RE of 2023-24 as well the Budget of 2024-25, we do not have a fixed disinvestment target. There is a general entry called miscellaneous capital receipts under which disinvestment receipts as well as asset monetisation receipts to the extent they accrue to the Consolidated Fund of India are accounted for. It will more like in the nature of what we can achieve and not a specific disinvestment target..."

4.4 Further, in the post evidence replies, the Ministry has stated that:

Disinvestment is an ongoing process, and timing and completion of transactions are contingent upon economic outlook, sectoral trends, market conditions, investor interest and administrative feasibility.

4.5 Adding further, the Ministry stated that:

The Government has now focused on a holistic approach of public asset management which balances the objectives of value-creation and value-unlocking in CPSEs to optimize returns for the Government (and other minority stakeholders in listed companies) and disinvestment of CPSEs as per the extant policy (minority stake sale and strategic disinvestment). Value creation in the CPSEs is being prioritized through a balanced policy of capital management of CPSEs based on consistent dividend policy and other measures and keeping in view the conditions prevailing in the market and investors sentiments.

Government has now moved away from target oriented and revenue centric approach for disinvestment. The Budget Estimate for Disinvestment proceeds for the FY 2023-24 was kept at Rs. 51,000 crore. However, there is no specific estimate for Disinvestment receipts at Revised Estimate Stage for 2023-24 and Rs.30,000 crore was kept under "Miscellaneous Capital Receipts (MCR)-Receipts" which accounted for the receipts under erstwhile categories of disinvestment and other capital receipts such as asset monetization etc.

Government's holistic public asset management approach including calibrated disinvested strategy has led to improved value of the PSU stocks.

D. INFLATION

4.6 The Ministry furnished the following response with respect to action plan of the Government to be in the vicinity of 4% medium term target of inflation:

The Government is continually taking measures to control inflation and maintain consumer confidence. These measures include building buffers of key food items, periodically releasing these items into the open market, adopting trade policies to enhance domestic food availability, preventing hoarding by setting and revising stock limits, and distributing select food items through designated retail outlets. Such actions help mitigate domestic inflationary pressures and reduce food price volatility, even in adverse conditions.

4.7 Seeking details about State-wise inflation figures *vis-à-vis* the national average and reasons for variations amongst the States, the Ministry furnished the following reply:

State-wise inflation figures *vis-à-vis* the national average for 2024-25 (April-September) is provided as below:

State-wise retail inflation based on Consumer Price index-Combined (CPI-C)

States/UTs	2024-25 (Apr-Sept)
Andaman and Nicobar Islands	2.6
Andhra Pradesh	4.7
Assam	5.3
Bihar	6.2
Chandigarh	3.5
Chhattisgarh	4.9
Dadra and Nagar Haveli	4.9

Daman and Diu	3.8
Delhi	2.4
Goa	2.3
Gujarat	4.4
Haryana	5.2
Himachal Pradesh	3.6
Jammu and Kashmir	4.1
Jharkhand	3.8
Karnataka	4.9
Kerala	5.1
Lakshadweep	1.1
Madhya Pradesh	4.5
Maharashtra	4.0
Manipur	5.4
Meghalaya	3.8
Mizoram	2.9
Nagaland	3.2
Odisha	6.3
Puducherry	4.3
Punjab	3.8
Rajasthan	4.6
Sikkim	1.7
Tamil Nadu	4.4
Telangana	4.4
Tripura	5.1
Uttar Pradesh	5.4
Uttarakhand	3.3
West Bengal	3.7
All India (National Average)	4.6

Source: MoSPI

Inter-state variations in inflation rate are largely on account of the following factors.

i. States that are not major crop producers may face higher inflation due to added transport, storage and handling costs.
ii. Different states exhibit varying consumption patterns, contributing to price differentials and variations in inflation rates.
iii. Variations in fuel prices, including taxes and subsidies, can impact fuel inflation rate differently across states.
iv. Local factors such as differences in geographical terrains, supply chain disruptions, natural calamities, and regional policies also contribute to variations in state-wise inflation.

4.8 Furthermore, Secretary, Economic Affairs during the sitting of the Committee deposed the following:

"…we will do an analysis and certainly present it State-wise number; not just the number but also do our understanding that if inflation is higher, what is the reason. Can something be done by us here in the Government of India or we can suggest to the State Government to do an improvement?..."

E. CAPITAL EXPENDITURE

4.9 The Committee during its sitting enquired about the provisioning of Rs.11,11,111 crore for capital expenditure in BE 2024-25 and it's effect on domestic capital. The Ministry has furnished the following response:

Since the provisioning of Rs. 11,11,111 crore is for capital expenditure, the expenditure envisaged is expected to generate productive capital assets which in turn shall have a multiplier effect on the economy by stimulating economic growth, creating jobs, and enhancing long-term productivity.

For 2024-25, the fiscal deficit is projected at 4.9% of GDP. The Government remains committed to the fiscal consolidation path set in 2021, with a target to reduce the deficit to below 4.5% by next year. Given the fiscal consolidation plans of the Government, the likelihood of crowding out private sector borrowing is minimized.

4.10 The Ministry further state the following:

In addition, with deepening bond and equity markets, businesses in India have multiple financing options, reducing the need for foreign capital and associated global risks. By creating robust public infrastructure, the government is setting a stable environment that attracts private investment while minimizing the private sector's exposure to global volatility.

Moreover, the capital expenditure covers both physical and social infrastructure. This includes investments in tangible infrastructure, such as transport and logistics, as well as in social infrastructure, like health and education facilities.

The details of Capital Expenditure BE 2024-25 of various Ministries are as follows:

Capital Expenditure as per Budget 2024-2025	
Ministry	**Budget Estimates 2024-2025** Capital Expenditure (In Rs crores)
MINISTRY OF AGRICULTURE AND FARMERS WELFARE	102.14
DEPARTMENT OF ATOMIC ENERGY	13860.79
MINISTRY OF AYUSH	8.75
MINISTRY OF CHEMICALS AND FERTILISERS	127.16
MINISTRY OF CIVIL AVIATION	99.35
MINISTRY OF COAL	2.20
MINISTRY OF COMMERCE AND INDUSTRY	1463.61
MINISTRY OF COMMUNICATIONS	85758.86
MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION	109.86
MINISTRY OF COOPERATION	1.01

MINISTRY OF CORPORATE AFFAIRS	55.10
MINISTRY OF CULTURE	190.01
MINISTRY OF DEFENCE	182240.85
MINISTRY OF DEVELOPMENT OF NORTH-EASTERN REGION	3859.32
MINISTRY OF EARTH SCIENCES	558.34
MINISTRY OF EDUCATION	11.82
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY	581.01
MINISTRY OF ENVIRONMENT, FORESTS AND CLIMATE CHANGE	93.25
MINISTRY OF EXTERNAL AFFAIRS	1675.18
MINISTRY OF FINANCE (including Transfers to States)	233020.75
MINISTRY OF FISHERIES, ANIMAL HUSBANDRY AND DAIRYING	256.67
MINISTRY OF FOOD PROCESSING INDUSTRIES	2.54
MINISTRY OF HEALTH AND FAMILY WELFARE	3613.15
MINISTRY OF HEAVY INDUSTRIES	1.80
MINISTRY OF HOME AFFAIRS	19434.51
MINISTRY OF HOUSING AND URBAN AFFAIRS	28628.26
MINISTRY OF INFORMATION AND BROADCASTING	38.84
MINISTRY OF JAL SHAKTI	403.45
MINISTRY OF LABOUR AND EMPLOYMENT	49.59
MINISTRY OF LAW AND JUSTICE	251.94
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES	588.08
MINISTRY OF MINES	45.92
MINISTRY OF MINORITY AFFAIRS	3.75
MINISTRY OF NEW AND RENEWABLE ENERGY	17.45
MINISTRY OF PANCHAYATI RAJ	22.44
MINISTRY OF PARLIAMENTARY AFFAIRS	4.30
MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS	277.55
MINISTRY OF PETROLEUM AND NATURAL GAS	1128.97
MINISTRY OF PLANNING	18.96
MINISTRY OF PORTS, SHIPPING AND WATERWAYS	1077.93
MINISTRY OF POWER	1086.50
THE PRESIDENT, PARLIAMENT, UNION PUBLIC SERVICE COMMISSION AND THE SECRETARIAT OF THE VICE PRESIDENT	152.85
MINISTRY OF RAILWAYS	252000.00
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS	272241.15
MINISTRY OF RURAL DEVELOPMENT	5.15
MINISTRY OF SCIENCE AND TECHNOLOGY	66.20

MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP	110.37
MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT	62.24
DEPARTMENT OF SPACE	5567.53
MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION	44.98
MINISTRY OF STEEL	1.47
MINISTRY OF TEXTILES	43.65
MINISTRY OF TOURISM	1.77
MINISTRY OF TRIBAL AFFAIRS	31.83
MINISTRY OF WOMEN AND CHILD DEVELOPMENT	3.38
MINISTRY OF YOUTH AFFAIRS AND SPORTS	6.47
GRAND TOTAL	**1111111**

F. ATAL PENSION YOJANA (APY)

4.11 When asked about the reasons for shortfall in utilization of allotted funds for the FY 2023-24, Department of Financial Services submitted the following as one of the reasons:

Saving was due to the reason that during the course of financial year 2023-24, the persistency of subscribers remained lower under Atal Pension Yojana (APY). Accordingly, the actual expenditure to be incurred was reduced as per the actual requirement, which resulted in savings of Rs.40.00 crore.

4.12 Further, with respect to details sought regarding Atal Pension Yojana (APY), the following was furnished by the Ministry:

As on 7th October 2024, a total of 6,99,94,568 subscribers have been enrolled under APY. The pension-wise number of subscribers are as under:

Pension slab (Rs.)	Number of enrolments
1,000	5,98,09,342
2,000	23,01,462
3,000	10,90,042
4,000	4,12,519
5,000	63,81,203

4.13 And with respect to implementation and measures undertaken to promote and expand the outreach of the Scheme, the Ministry has furnished the following reply:

The APY is being implemented through enrolling agencies comprising of branch network of all categories of banks and Department of Posts (DoP). Independent third party evaluation for APY is dispensed with in terms of DoE's OM dated 66/(59)-PFC-II /2016 dated 28th July 2020 as the actual outcome in terms of payment of guaranteed pension would happen only after year 2035. However, PFRDA annually conducts actuarial evaluation of the scheme through an actuarial firm. Besides actuarial evaluation, PFRDA reviews the performance of the APY-Service Providers w.r.t. enrolment, persistency and efforts in reducing pre-mature exit during the course of year. Further, review is conducted by PFRDA at the State Level Bankers Committee (SLBCs) / UTLBCs/ Lead District Manager (LDM)/ Bank/ DoP level, periodically, by highlighting the good performance or shortcomings in various parameters *viz.* enrolment, persistency and pre-mature exit etc. The following measures are being taken to promote and expand the outreach of APY.

(A) Promotion and pension literacy

i. Pension Fund Regulatory and Development Authority (PFRDA), is actively engaged with Banks, State Level Bankers' Committees (SLBCs) & LDMs for National, State and District level focused promotion of APY across the country.

ii. APY Felicitation and Outreach programs at 10 locations have been held in which stake-holders from Banks at state/district-level are participating.

iii. Training programs are being organised, town hall meetings, regular Strategy and Review Meetings are being conducted to increase pension literacy.

iv. Several Central Ministries and State Governments have been approached to get their unorganized workforce like MNREGA workers, Self Help Groups, Asha workers, Aanganwadi workers covered under APY.

v. Periodical advertisements in the print and electronic media are being issued and updates posted in social media like YouTube, Twitter, Facebook to create awareness about the scheme.

vi. Information about APY is being disseminated through APY KI PATHSHALA You Tube channel.

(B) Launch of eAPY Platform with Multiple Options

PFRDA has launched the eAPY platform to facilitate online on-boarding of APY subscribersw.e.f 30th September, 2021.

(C) Engaging Fintechs and Banking Correspondents (BCs) for widening the outreach

i. PFRDA is engaging Payment banks like Airtel Payment Bank and Small Finance banks to achieve larger enrolment

ii. Engagement of BCs with suitable incentivization is also helping in increasing outreach of the Scheme.

(D) Updating of APY mobile App

To enhance ease of availing various services, features such as account details, viewing contribution made on the APY mobile App have been updated.

G. INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (IFSCA)

4.14 With respect to role of International Financial Services Centres Authority (IFSCA) for attracting international capital and filling the climate finance gap the following has been furnished by the Ministry:

Role of IFSCA:

i. In the past four years, the International Financial Services Centres Authority (IFSCA) has taken significant steps in accelerating global sustainable capital flows by creating a conducive regulatory environment inspired by international best practices and by focusing on the needs of developing countries such as India. IFSCA has undertaken focused initiatives across three major sources of funding – Debt Securities, Loans, and Funds. In order to encourage the growth of Green Bonds, Social Bonds, Sustainability Bonds, Sustainability-linked Bonds and other labelled bonds (collectively referred to as “ESG labelled Debt Securities”), IFSCA specified the necessary regulatory framework in the International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021, which have been recently replaced by International Financial Services Centres Authority (Listing) Regulations, 2024.

ii. In April 2022, IFSCA issued a Circular on “Guidance framework on Sustainable and Sustainability linked lending by financial institutions”. The said framework has mandated IFSC Banking Units (IBUs) to allocate at least 5% of their loans to green/social/sustainable/sustainability-linked sectors/facilities.

iii. In order to promote consistency, comparability and reliability in disclosures concerning ESG schemes and ensure ESG schemes in IFSC are true to their labels, IFSCA issued a circular on January 18, 2023, requiring ESG schemes to make certain initial and periodic disclosures.

iv. Listing of USD 13.93 billion worth of ESG labelled debt securities on the IFSC exchanges, sustainable lending surpassing USD 1.5 billion through IBUs and registration of the first ESG labelled fund indicate the growth of GIFT IFSC as a preferred jurisdiction for various activities related to sustainable finance.

v. In consultation with RBI, IFSCA vide circular dated September 24, 2024, has put in place a scheme for “Trading and settlement of Sovereign Green Bonds (SGrBs) in IFSC”. Further, IFSCA has issued a consultation paper on “Principles to Mitigate the Risk of Greenwashing in ESG labelled debt securities in the IFSC.

H. ACCOUNT AGGREGATOR (AA)

4.15 When asked about details pertaining to Account Aggregator (AA), the Ministry furnished the following:

> Account Aggregator (AA) framework was developed by Reserve Bank of India (RBI) with the objective of seamless transmission of financial information. AAs are Non-Banking Financial Companies (NBFC) engaged in the business of providing the service of retrieving, collecting and sharing financial information pertaining to the customer. AA retrieves data with the explicit consent of the customer and then transfers data from Financial Information Provider (FIP) to Financial Information User (FIU). At present, RBI has granted Certificate of Registration to fifteen companies as AA.
>
> Financial Information Provider (FIP) means bank, banking company, non-banking financial company, asset management company, depository, depository participant, insurance company, insurance repository, central recordkeeping agency, GSTN and Clearing Corporation of India Ltd.
>
> Financial Information User (FIU) means entities registered with and regulated by any financial sector regulator.
>
> As on 30.9.2024, 9.9 crore users have linked their accounts on the AA framework and more than 187 crore successful transactions cumulatively have taken place since launch.
>
> As per the extant AA framework, the following financial information which predominantly represent assets of customer and fall under the regulatory purview of RBI, Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA) and Department of Revenue can be shared through AAs:
>
> i. bank deposits including fixed deposit accounts, savings deposit accounts, recurring deposit accounts and current deposit accounts,
>
> ii. Deposits with NBFCs

iii. Structured Investment Product (SIP)
iv. Commercial Paper (CP)
v. Certificates of Deposit (CD)
vi. Government Securities (Tradable)
vii. Equity Shares
viii. Bonds
ix. Debentures
x. Mutual Fund Units
xi. Exchange Traded Funds
xii. Indian Depository Receipts
xiii. CIS (Collective Investment Schemes) units
xiv. Alternate Investment Funds (AIF) units
xv. Insurance Policies
xvi. Balances under the National Pension System (NPS)
xvii. Units of Infrastructure Investment Trusts
xviii. Units of Real Estate investment Trusts
xix. Form GSTR-1 and Form GSTR-3B
xx. Any other information as may be specified by the Bank for the purposes of these directions, from time to time;

Certain financial assets like public provident fund, employee provident fund, national saving certificates, kisanvikaspatra, etc., falling under the administrative domain of various Ministries of the Government of India are presently not included as financial information. In this regard, the RBI has decided to adopt a principle-based approach for inclusion of information regarding such financial assets as financial information under the AA Framework, provided:

(i) such financial information representing the assets is available in electronic/ digital format;

(ii) technological and legal provisions/ enablement to share such information with the FI-Us, with the customer's consent, are available; and

(iii) concerned Government Department agrees to be the deemed regulator for the limited purpose of the AA Framework. The authority/ entity holding the data may be designated as Financial Information Provider (FIP) for the purpose of implementation/ compliance with regulatory requirement of the AA Framework.

Further, RBI informed that, they had requested Department of Economic Affairs (DEA) *vide* letter dated January 25, 2024 to provide consent and confirm whether various schemes under small savings can be included as financial information under the AA framework. In response, DEA had informed vide letter dated June 14, 2024 that data reconciliation process of small savings schemes is being undertaken in Department of Posts and the matter related to inclusion of same as financial information may be considered after completion of data reconciliation.

For scaling up the AA framework, this department is regularly conducting meeting with various stakeholders involving all the FIPs (Banks), all the four Financial Sector Regulators i.e. RBI, IRDAI, PFRDA and SEBI, requesting therein to monitor the progress of AA framework from their personal desk so as to maximise the utilization of AA framework and continuous efforts are being made to make AA Cross-sectoral by bringing more and more Financial Institutions. Further, following issues are under active consideration of RBI in consultation with all the stakeholders to make AA framework more acceptable, widespread along with enhancing security to prevent lapses of data breach:

- Self-Regulatory Organization (SRO) for monitoring and compliance of AA framework.
- Central Registry for AA framework
- Cap on the number of licences to be issued for AA
- Activating Joint/Multiple Signatory accounts
- Fair usage of data

RBI further informed that, following measures have been taken to extent the coverage and scope of AA Ecosystem:

a. Clearing Corporation of India Ltd has been included as Financial Information provider in February 2024 for G-Secs held in Retail Direct Gilt account, which is expected to scale up access to AA.
b. RBI had launched Public Awareness Campaign under ‘RBI KehtaHai’ initiative for the year 2023-24 which will be continued for the year 2024-25 also.
c. In order to comprehensively cover various services provided by FIUs, the proposal to expand the list of purpose codes (use cases) is under examination.
d. NBFC-AAs have been suggested to develop their web/ mobile applications in bilingual/ multilingual for ease of use.

In order to maintain the security and confidentiality of the data of the customer, prudential guidelines are in place like:

a. Account Aggregators cannot store or access any financial information of the customer. Further, AAs are required to conduct the Information System Audit of their internal systems and processes by CISA certified external auditors at least once in two years.
b. The entities, which are acting as Financial Information Providers and Financial Information Users, are regulated entities of Financial Sector Regulators (RBI, SEBI, IRDAI and PFRDA). Hence, these entities should adhere to applicable guidelines in respect of cybersecurity and data security while accessing/ providing data through AA ecosystem.
c. RBI is currently examining the feasibility of technical solutions suggested by Indian Cyber Crime Coordination Centre. These solutions are expected to address the vulnerabilities in the AA ecosystem.
d. Further, once the DPDP Rules are formulated by MeitY, RBI will explore the feasibility of making them applicable for the participants of the AA Ecosystem by suitably amending the applicable regulations.

I. MICRO, SMALL & MEDIUM ENTERPRISES (MSMEs)

4.16 Highlighting the importance of the Micro, Small & Medium Enterprises (MSMEs) sector, Secretary, Financial Services during the sitting on 28.10.2024 stated that:

> *"…MSME sector is one of the priorities of the Government of India. From the highest level of the hon. Finance Minister to our Department, the guidance is very clear. We have to ensure whatever is required to be done should be done..."*

4.17 With regard to Trade Receivables Discounting System (TReDS), the Ministry furnished the following response:

> TReDS facilitates MSMEs in accessing competitive financing by allowing multiple financiers to bid on their trade receivables. This bidding process results in lower interest rates, which is significantly lower than the rates often associated with traditional unsecured borrowing by MSMEs. To further enhance the competitiveness and sustainability of interest rates under the TReDS framework, Reserve Bank of India has permitted all entities/institutions who undertake factoring business under Factoring Regulation Act, 2011, as financiers in TReDS. As the pool of financiers has been expanded, it would result in better competitive bidding of trade receivables, ultimately translating to better interest rates.

4.18 Further, with regard to increasing awareness about TReDS amongst MSMEs, the Ministry furnished the following response:

> The following measures have been taken by Government / RBI / banks to increase awareness:
>
> - The MSME units are requested to onboard on authorized TReDS platforms while registering on Udyam portal.

- Ministry of MSME has informed that it is organising various workshops inviting participation from MSMEs and related stakeholders to disseminate the benefits of TReDS.
- As part of financial literacy measures, RBI has published videos on benefits of TReDS.
- RBI has also informed that Banks have participated in spreading awareness to increase usage of TReDS by MSMEs also by including information on TReDS in account opening kits for MSMEs.

4.19 Furthermore, upon seeking information about easing and increasing access to credit facility for MSMEs and widening the utilization of Account Aggregator framework for MSMEs, the Ministry in its reply stated that:

> The Reserve Bank of India (RBI) has initiated a pilot programme named as Unified Lending Interface (ULI), earlier known as Public Tech Platform for Frictionless Credit (PTPFC), to facilitate seamless and efficient credit delivery by lenders for Credit Appraisal, and therefore boosting Financial Inclusion in India.
>
> Since the launch of the pilot in August 2023, twenty-two lenders including banks and NBFCs have been onboarded and the platform facilitates 12 loan journeys. The platform would integrate data from central and state governments (like land records), Milk Federation, GSTN, Account Aggregators (AA), banks, credit information companies, and digital identity authorities (like Aadhar), thereby facilitating easy access of credit to MSMEs during this pilot stage. As on October 25, 2024, over 1.30 lakh MSME loans amounting to ₹5709 crores have been disbursed by lenders using services from the Platform.
>
> The scope of ULI is expanding and is expected to undergo further scaling and enhancements to enrich its features. By prioritizing an optimized, user-friendly experience from the outset, it will be ensured that the platform will be fully equipped to meet the demands of a nationwide rollout. As of now no specific date or time period has been identified for national level launch by RBI.

The RBI introduced regulatory framework for NBFC-Account Aggregator (NBFC-AA) on September 02, 2016. NBFC-AAs undertake the business of account aggregation, i.e., retrieve/ collect specified financial information from Financial Information Providers (FIPs) falling under the purview of various financial sector regulators (FSR), viz., RBI, SEBI, IRDAI and PFRDA and aggregate, consolidate and present such information to the customers or Financial Information Users (FI-Us). The financial institutions hold the customers' (individual / MSME) financial data. The Account Aggregator Framework enables a seamless and secure exchange of financial information of these customers through NBFC-AAs who act as intermediaries between the FIPs and FIUs. Such sharing of financial information is based on the explicit consent provided by the customers.

Further, GST Returns, *viz*. Form GSTR-1 and Form GSTR-3B have been included in AA framework to facilitate cash flow-based lending to MSMEs.

The availability of real time Financial Information enables financial institutions to access the financial position of the customers (MSMEs) in order to offer the tailored financial products and services that cater to the needs of MSMEs.

To avail services of ULI, MSMEs do not require any specific technical capability. Currently banks interface with ULI to process loan applications on behalf of MSMEs. However, technical feasibility of transitioning to a Business-to-Customer (B2C) model is under consideration by RBI, which would enable MSMEs to directly access ULI services through mobile and web applications. This transition will make the platform accessible and inclusive for all MSMEs, irrespective of their technological capabilities. Furthermore, integration of the platform with additional datasets such as Udyam Registration portal, Udyam Assist platform etc. are under consideration to facilitate smoother lending to MSMEs.

J. CYBER SECURITY

4.20 Concerned about the increasing incidents of digital financial frauds, the Committee enquired about the measures being undertaken to address the issue, to which the Ministry submitted the following reply:

> With increasing digital payment transactions in the country, incidences of fraudulent practices including digital financial frauds have also gone up in the last few years. RBI has taken various initiatives to prevent such incidences including issuance of Master Directions on Digital Payment Security Controls to combat web and mobile app threats, requiring banks to implement secure coding, regular testing, and timely patching of vulnerabilities. The guidelines also mandate multi-factor authentication, secure data transmission. Additionally, the government promotes cyber-crime awareness through initiatives like social media safety tips and awareness programs. The details of measures taken by the Reserve Bank of India (RBI) and Government are as under:
>
> - The Reserve Bank of India (RBI) reviews the cyber security developments and threats on an ongoing basis and necessary measures are taken to strengthen the cyber resilience of banks. Wherever required advisories/alerts are issued to all banks to avoid the occurrence of similar incidents in other banks. In order to focus more attention on IT-related matters, Reserve Bank has set up a Cyber Security and IT Examination (CSITE) Cell. RBI issued a comprehensive circular on Cyber Security Framework in Banks issued on June 2, 2016, sets a benchmark in implementing the controls pertaining to various aspects of cybersecurity.
> - Based on market intelligence and incidents reported by the banks, advisories are issued to the banks by RBI for sensitising them about various threats and ensure prompt preventive/corrective action. RBI also

conducts cyber security preparedness testing among banks on the basis of hypothetical scenarios with the help of CERT-In.

- The RBI, in October 2018 prescribed a set of baseline cyber security controls for primary (Urban) cooperative banks (UCBs). To further strengthen the cyber security resilience of the UCBs, a comprehensive cyber security framework was issued on December 31, 2019. The framework inter alia mandates the implementation of progressively stronger security measures based on the nature, variety, and scale of digital product offerings of banks.
- RBI issued Master Direction on Digital Payment Security Controls on February 18, 2021 wherein apart from other security controls the banks have been advised to implement various measures to protect the integrity of the data.
- According to RBI's circular on Limited Liability of Customers in unauthorised electronic banking transactions, banks have been instructed to design systems and procedures to make customers feel safe about such transactions. Moreover, banks have been instructed to put in place robust and dynamic fraud detection and prevention mechanisms and a system of continually and repeatedly advising customers on how to protect themselves from electronic banking and payments-related fraud.
- In addition to these, RBI and Banks have also been taking awareness campaigns through the dissemination of messages on cyber-crime through short SMS, radio campaigns, and publicity on the prevention of 'cyber-crime'. Financial Awareness booklets BE(A)WARE (available in English, Hindi and 11 regional languages) and Raju and the Forty Thieves (available in English, and seven regional languages) covering the modus operandi of frauds and the way to escape/ avoid getting trapped by fraudsters have been issued by RBI and placed on its Website for use by members of public and other stakeholders. These are

also distributed in physical programmes conducted by Regional Offices of RBI Ombudsmen.

- In light of increasing instances of payment frauds, all authorised payment systems operators and participants were advised to undertake targeted multi-lingual campaigns by way of SMSs, advertisements in print and visual media, etc., to educate their users on safe and secure use of digital payments.
- The Reserve Bank has put in place the Central Payments Fraud Information Registry (CPFIR) in March 2020. All payment frauds reported by customers or detected by banks and PPI Issuers are reported to CPFIR by supervised entities (banks, non-bank Prepaid Payment Instrument Issuers and non-bank Credit Card issuers). Under the Payments Vision 2025, an enhancement in CPFIR envisaged was creating a negative database of fraudulent beneficiaries. The negative registry is envisaged to be created using the suspect/beneficiary information reported to CPFIR. Once the negative database is created it is envisaged to share the same with supervised entities that may use the information for appropriate risk management checks at their end.
- Cyber Fraud Mitigation Centre (CFMC) has been established at the Indian cybercrime Coordination Centre (14C) in New Delhi with representatives of major banks, Financial Intermediaries, Payment Aggregators, Telecom Service Providers, IT Intermediaries and States/UTs Law Enforcement Agencies (LEAs). They will work together for immediate action and seamless cooperation to tackle online financial crimes. CFMC will serve as an example of "Cooperative Federalism" in law enforcement.
- The Department of Telecom (DoT) launched a Digital Intelligence Portal which is an integrated platform for DoT, Telecom Service Providers, Law Enforcement Agencies (LEAs), Financial Institutions (FIs), banks, On The Top (OTT), Proof of identity (PoI) issuing authority and other stakeholders for information exchange and coordination for curbing

cyber-crime, and financial frauds committed through misuse of telecom resources.

4.21 Secretary, Financial Services on the above issue deposed the following before the Committee:

> *"…There are a large number of cyber frauds. We have a huge network of preventing, detecting and taking action against them in the banking system….*
>
> *…We are also concerned that our banking system is secured from all frauds. But in many cases, what we do is we generally try to create general awareness among the public on the measures to be taken while dealing with cyber activities. We are doing all kinds of campaigns. RBI has done it; IRDA has done it; Ministry of Finance is also planning to do it. Shortly, we are coming up with campaigning material for cyber security…."*

K. CHANGES IN PROVISIONS FOR LIFE INSURANCE POLICIES

4.22 During the sitting of the Committee question regarding changes to the Surrender Value (SV) provision for Life Insurance Policies by Insurance Regulatory and Development Authority of India (IRDAI's), Master Circular was raised to which the Ministry furnished the following response:

> IRDAI's Master Circular on Life Insurance Products, 2024 has introduced changes to the Surrender Value (SV) provisions for life insurance policies. The circular specifies that a policy shall acquire SV after completion of first policy year provided one full year premium has been received. These changes impact both the methodology for determining Special Surrender Value (SSV) and the timeline for policies to acquire SV. IRDAI vide its letter dated 7.10.2024 has informed that the revised framework makes it possible to provide wider choices and flexibility to the customers to choose products/riders as per their needs and it also minimises policyholder grievances, enhances customer satisfaction and confidence. Further, the Boards of insurers are empowered to

decide on their expenditure pattern, they can realign their policies to ensure that the distribution channels are remunerated, commensurate with their efforts in acquisition and persistency of business. The rationalisation of surrender values is applicable only in case of non-linked savings insurance and not in case of pure risk or unit linked insurance products (ULIPS). As per IRDAI, insurers are now free to review their product mix and strategies, including revisions to minimum ticket size, if need be, such that they can provide affordable insurance to the lower strata of the society.

PART II

OBSERVATIONS/RECOMMENDATIONS

DEMAND NO. 30 - DEPARTMENT OF ECONOMIC AFFAIRS (DEA)

1. The Committee upon scrutiny of Demand No. 30 relating to Department of Economic Affairs (DEA) find significant variations between the Budget Estimates (BE) and Revised Estimates (RE). The Committee note that RE 2023-24 stood at Rs.28,417.13 crore, an increase of Rs. 13,280.59 crore from BE 2023-24 and the current BE 2024-25 has seen a steep increase of Rs. 69,494.27 crore from BE 2023-24 and stands at Rs. 84,630.81 crore. The main reasons cited by DEA which led to increase in RE 2023-24 from BE 2023-24 are that Rs. 5,000 crore was provisioned at RE stage under 'Transfer to Senior Citizen Welfare Fund'; Rs. 1,050 crore was increased at RE stage under Interest Equalization Support for Lines of Credit under Indian Development and Economic Assistance Scheme (IDEAS) due to higher claims received from Export-Import Bank of India (EXIM Bank) and Rs. 5,922.15 crore was increased under International Monetary Fund [Maintenance of Value (MOV) obligation] at RE stage. Further, the Committee are informed that the reasons for increased fund requirement in the current fiscal are that a provision of Rs. 62,592.88 crore has been made under the Head 'New Schemes', to cater need of funds for additional capital expenditure on infrastructure projects/programs of the various Departments during the year and a provision of Rs. 8,051 crore under the Head 'Gold Reserve Fund' for smooth redemption of Sovereign Gold Bonds (SGBs). The Committee would like to emphasise upon the need for realistic preparation of estimates and efficient

utilisation of allocated funds. The Department of Economic Affairs, being the nodal Department in formulation of the Budget is expected to observe the requisite financial norms and maintain fiscal prudence, while making budgetary allocations and thus must endeavour to be a role model for other Ministries/Departments in preparation of realistic estimates and optimal utilisation of funds sanctioned. The Committee would also like to highlight that it is of utmost importance that improved forecasting techniques and foresight is deployed to ensure more realistic budget projections and reduce budgetary unpredictability.

NATIONAL INVESTMENT AND INFRASTRUCTURE FUND (NIIF)

2. The Committee are informed that the National Investment Infrastructure Fund (NIIF) has become a well established fund management organisation and has developed a credible track record with operational funds in infrastructure, private markets, climate and growth equity. The Committee take note of NIIF's first bilateral fund in the form of India Japan Fund (IJF) with Japan Bank for International Cooperation (JBIC) set up in 2023. Also, the launch of a green credit fund - the US India Green Transition Fund (USIGF) set up with the objective to help lower the cost of capital and attract international private finance at scale to accelerate the deployment of greenfield renewable energy, battery storage, and emerging green technology projects in India is noteworthy. The Committee suggest that NIIF should explore leveraging innovative financing mechanisms such as blended finance to actively attract international private capital; deploy more innovative and ingenious means to accelerate India's infrastructure

development in a sustainable and financially sound manner; and further boost investor confidence.

INTEREST PAYMENTS

3. The Committee note that budget estimates for interest payments on both gross and net basis have shown an increase over the years and for the current fiscal the BEs stand at Rs. 12,08,841.36 crore and Rs. 11,62,940.29 crore on gross and net basis respectively. The Committee are informed that the reduction of Rs. 7,446.92 crore in the Revised Estimates (RE) for 2023-24 are primarily on account of softening of yields of dated securities and lower volume of issuances of T- Bills. It is further informed that higher provision in BE 2024-25 has been made owing to increase in fixed incidence due to full year interest payment on securities issued in FY 2023-24 coupled with interest payment provision on fresh borrowing in FY 2024-25. The Committee feel given that the interest payment estimates are closely linked to market conditions; building budget buffer would allow the Government to respond swiftly and flexibly during any adversities that may arise due to global macroeconomic and geopolitical developments. The Committee, thus, would like to emphasise that the Government needs to focus on more sustainable debt management practices to avoid long-term fiscal strain and effectively manage the Government's interest payments while maintaining fiscal stability.

DISINVESTMENT

4. The Committee note the Government's decision of discontinuing from a target oriented and revenue-centric approach for disinvestment. The Committee are informed that though the Budget Estimate for disinvestment proceeds for FY 2023-24 was kept at Rs. 51,000 crore, there was no specific estimate for disinvestment receipts at revised estimate stage for FY 2023-24 as well as in the Budget of 2024-25. The Committee understand that this move comes on account of disinvestment being an ongoing process with timing and completion of transactions being contingent upon economic outlook, sectoral trends, market conditions, investor interest and administrative feasibility. With the discontinuation of disinvestment targets, the Committee would like to press upon the importance that strategic disinvestment holds in the country particularly in reducing the fiscal burden of the Government and promoting efficiency. The Committee hence urge the Ministry to ensure that disinvestment should not become any less of a priority and be carried out in the right spirit with the aim of enhancing operational efficiency and maximising long-term value for Central Public Sector Enterprises (CPSEs) and optimising returns for the Government.

INFLATION

5. The Committee note that the Government has been taking various measures to control inflation, maintain consumer confidence and ensure economic stability. However, the Committee observe that inflation varies considerably across States, with some states like Odisha (6.3%) and Bihar (6.2%)

experiencing higher rates than the national average of 4.6%. It has been submitted to the Committee that factors such as regional crop production; transportation, storage and handling costs; local consumption patterns; variations in fuel prices including taxes and subsidies and local factors such as differences in geographical terrains, supply chain disruptions, natural calamities, and regional policies contribute to these disparities. To address these issues, the Committee urge the Government to study and explore all possible ways and means in collaboration with State Governments to achieve more consistent inflation control across the country.

CAPITAL EXPENDITURE

6. The continued increased provisioning towards capital expenditure in the Budget i.e. Rs. 11,11,111 crore in the financial year 2024-25 is a noteworthy step towards fostering economic growth, job creation, and long-term productivity enhancement. The Committee believe that the expected impact of this allocation is significant as the capital expenditure covers both physical and social infrastructure and by investing in both i.e. physical infrastructure, such as transport and logistics and social infrastructure like health and education facilities will aid in achieving holistic and inclusive growth. The Committee appreciate the commitment to maintain fiscal discipline and be on the fiscal consolidation path. The Committee understand that this not only minimises the risk of crowding out private sector borrowing but will further attract private investment, thereby driving economic growth further and ensuring effective

utilization of increased capital expenditure. The Committee desire that the allocated funds are efficiently utilised across quarters of the financial year with effective monitoring and evaluation of the projects along with ironing out of any inter Ministry/ State-Centre disputes/disagreements i.e. efficient co-ordination between all stakeholders should be ensured to avoid cost and time overruns and improve performance. The Committee are confident that the increased allocation for capital expenditure will enhance India's global competitiveness and fastrack sustainable economic development.

ATAL PENSION YOJANA (APY)

7. The Committee note that one of the reasons for shortfall in utilization of allotted funds by Department of Financial Services for financial year 2023-24 was that the persistency of subscribers remained lower under Atal Pension Yojana (APY) which resulted in savings of Rs.40 crore. The Committee further note that a large majority of subscribers (5,98,09,342 of the total subscribers which stands at 6,99,94,568 as on 7th October'2024) i.e. 85.44% are enrolled in the lowest pension slab of Rs.1,000 while the higher slabs have significantly fewer participants. The Committee are of the opinion that sincere efforts must be made to bring more subscribers into the higher pension brackets and outreach and promotional activities with respect to enrolment, persistency and efforts in reducing pre-mature exits should be intensified. The Committee take note of the various measures being undertaken to promote and expand the outreach of the scheme but would like to highlight on the importance of leveraging partnerships with Central and State Governments which can play a crucial role in ensuring workers

in schemes like MGNREGA, Self Help Groups, Asha workers, Anganwadi workers etc. are adequately covered under APY. Additionally, the Committee feel that use of technology, such as the eAPY platform, Fin-tech partnerships and Banking Correspondents (BCs) should be expanded to reach a larger audience, especially in rural and underserved areas. The Committee further recommend that initiatives taken by Pension Fund Regulatory and Development Authority (PFRDA), namely town hall meetings, media campaigns and digital platforms like 'APY KI PATHSHALA' need to be scaled up to ensure that funds allotted under APY are fully utilised, making the scheme a more inclusive tool for social security, especially for the informal sector.

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (IFSCA)

8. The Committee note that the International Financial Services Centres Authority (IFSCA) has taken significant steps in accelerating global sustainable capital flows by creating a conducive regulatory environment inspired by international best practices. In order to encourage the growth of Green Bonds, Social Bonds, Sustainability Bonds, Sustainability-linked Bonds and other labelled bonds (collectively referred to as "ESG labelled Debt Securities"), IFSCA has specified the necessary regulatory framework and has undertaken focused initiatives across three major sources of funding – Debt Securities, Loans, and Funds. Its initiatives, such as mandating IFSC Banking Units (IBUs) to allocate at least 5% percent of their loans to green/social/sustainable/sustainability-linked sectors/facilities, issuing circulars to promote consistency, comparability and

reliability in disclosures concerning ESG schemes and listing billions in ESG-labelled debt securities on IFSC exchanges have led to the growth of Gujarat International Finance Tec-City (GIFT City) as a preferred jurisdiction for various activities related to sustainable finance. The Committee feel that by continuing to refine policies; strengthening regulatory framework and increasing outreach, IFSCA can further bridge the climate finance gap and play a pivotal role in accelerating India's transition to a sustainable and low-carbon economy.

ACCOUNT AGGREGATOR (AA)

9. The Committee note that the Account Aggregator (AA) framework, developed by the Reserve Bank of India (RBI) is designed to facilitate the seamless transmission of financial information with explicit customer consent and allows Non-Banking Financial Companies (NBFCs) acting as AAs to collect and share financial data from various Financial Information Providers (FIPs) such as banks, insurance companies, asset management firms etc. to Financial Information Users (FIUs). The Committee are of the opinion that the AA framework can help improve access to financial services and foster innovation in the financial sector. Hence, the Committee feel that AA framework should be scaled up and made more widespread along with enhanced security measures to prevent lapses of data breach. The process of data reconciliation of Small Savings Schemes should be expedited and after due assessment, the same may also be included as financial information under the AA framework. The Committee further recommend that efforts should be undertaken for integrating

more FIPs and developing efficient means for monitoring and compliance of AA framework.

MICRO, SMALL & MEDIUM ENTERPRISES (MSMEs)

10. Micro, Small, and Medium Enterprises (MSMEs) are the backbone of India's economy, contributing significantly to employment generation, innovation and the overall economic growth of the country. The Committee take note of the initiatives of the Government and the Reserve Bank of India (RBI) to support MSMEs in overcoming financial barriers which is crucial for their survival and growth through measures such as Trade Receivables Discounting System (TReDS) and Unified Lending Interface (ULI), a recent RBI pilot programme. The Committee understand that TReDS enables MSMEs to access competitive financing by allowing multiple financiers to bid on their trade receivables and this competitive bidding results in lower interest rates, making financing more affordable. The Committee appreciate that the RBI has permitted all entities/institutions who undertake factoring business under Factoring Regulation Act, 2011, as financiers in TReDS as this would result in better competitive bidding of trade receivables, ultimately translating to better interest rates. With respect to Unified Lending Interface (ULI), the Committee understand that it facilitates seamless and efficient credit delivery by lenders for credit appraisal and integrates data from Central and State Governments (like land records), Milk Federation, Goods and Services Tax Network (GSTN), Account Aggregators (AA), banks, credit information companies and digital identity

authorities (like Aadhar), thereby facilitating easy access of credit to MSMEs. Consequent upon an encouraging performance during the pilot stage, the Committee desire that nationwide rollout of the ULI platform is expedited which would enable MSMEs to directly access ULI services through mobile and web applications instead of the current scenario wherein banks interface with ULI to process loan applications on behalf of MSMEs. The Committee feel that this initiative along with adequate and persistent information disseminated through various platforms, workshops and financial literacy campaign measures will benefit MSMEs in accessing credit and facilitate smoother lending to MSMEs.

CYBER SECURITY

11. The Committee are concerned about the rising risk of cyber fraud with the continuous rise in digital transactions. The Committee take note of the various measures being undertaken to combat this growing threat by the Reserve Bank of India (RBI) and the Government through several measures such as strict guidelines to implement secure coding; multi-factor authentication; regular testing; secure data transmission; timely patching of vulnerabilities; establishment of various agencies such as Cyber Security and IT Examination (CSITE) Cell, Central Payments Fraud Information Registry (CPFIR), Cyber Fraud Mitigation Centre (CFMC); implementing various measures to protect the integrity of data and promoting cyber-crime awareness through various modes among the masses to help empower customers to protect themselves from fraud. The Committee feel that while these measures are vital, cyber security needs to be

taken up as a priority with risk mitigation plan; enhanced security and awareness measures to stay a step ahead of the exponentially rising and innovative ways of duping through cyber crimes. The Committee are of the opinion that expanding the reach of public awareness campaigns, especially in regional languages may increase the impact of these initiatives. Further, creating robust and resilient state of the art technology mechanisms for data-sharing and cross-sector coordination between various agencies may assist in safeguarding against evolving threats in the digital space and ensure faster detection and response to cybercrimes.

CHANGES IN PROVISIONS FOR LIFE INSURANCE POLICIES

12. The Committee note that the changes introduced by Insurance Regulatory and Development Authority of India's (IRDAI's) Master Circular on Life Insurance Products, 2024, makes it possible to provide wider choices and flexibility to the customers to choose products/riders as per their needs and minimises policyholder grievances, enhances customer satisfaction and confidence. The Committee feel that the adjustments to the methodology for determining Special Surrender Value (SSV) and the shift in the policy acquisition and persistency model may affect agents' commissions, especially if insurers adjust their distribution strategies or revise commission structures to reflect new policy designs which may reduce their commissions and affect their morale. Thus, the

Committee are of the opinion that IRDAI should revisit the directions after consultation with the various affected stakeholders.

New Delhi;	**Bhartruhari Mahtab,**
<u>4 December, 2024</u>	**Chairperson,**
13 Agrahayana, 1946 (Saka)	**Standing Committee on Finance**

APPENDIX – I

Minutes of the Third sitting of the Standing Committee on Finance (2024-25). The Committee sat on Monday, the 28th October, 2024 from 1415 hrs. to 1700 hrs in Committee Room '2', Parliament House Annexe Extension Block A, New Delhi.

PRESENT

Shri Bhartruhari Mahtab – Chairperson

LOK SABHA

2. Shri P. P. Chaudhary
3. Shri Lavu Sri Krishna Devarayalu
4. Shri Gaurav Gogoi
5. Shri K. Gopinath
6. Shri Suresh Kumar Kashyap
7. Shri Kishori Lal
8. Shri Harendra Singh Malik
9. Thiru Arun Nehru
10. Shri N. K. Premachandran
11. Smt. Sandhya Ray
12. Prof. Sougata Ray
13. Shri P. V. Midhun Reddy
14. Dr. K. Sudhakar
15. Shri Manish Tewari
16. Shri Balashowry Vallabhaneni
17. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

18. Dr. Ashok Kumar Mittal
19. Shri Sanjay Seth
20. Dr. Dinesh Sharma
21. Smt. Darshana Singh
22. Dr. M. Thambidurai
23. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Gaurav Goyal	-	Joint Secretary
2.	Shri Kuldeep Singh Rana	-	Deputy Secretary
3.	Shri T. Mathivanan	-	Deputy Secretary

WITNESSES

Department of Economic Affairs

1. Shri Ajay Seth, Secretary
2. Shri Ashish Vachhani, Additional Secretary
3. Shri Solomon Arokiaraj, Joint Secretary
4. Ms. Anuradha Guru, Adviser
5. Ms. Reetu Jain, Adviser
6. Ms. Chandni Raina, Adviser

Department of Expenditure

1. Dr. Manoj Govil, Secretary
2. Shri S.S. Dubey, Controller General of Accounts
3. Dr. Shankari Murali, Addl. Controller General of Accounts
4. Dr. Sajjan Singh Yadav, Additional Secretary
5. Smt. Parama Sen, Additional Secretary
6. Shri Manoj Sahay, Additional Secretary & Financial Adviser

Department of Financial Services

1. Shri Nagaraju Maddirala, Secretary
2. Shri M.P. Tangirala, Additional Secretary

Department of Investment and Public Asset Management (DIPAM)

1. Shri Tuhin Kanta Pandey, Finance Secretary & Secretary, DIPAM and DPE
2. Dr. Alok Pande, Additional Secretary
3. Shri Amit Ray, Economic Adviser

Department of Public Enterprises (DPE)

1. Shri Tuhin Kanta Pandey, Finance Secretary & Secretary, DIPAM and DPE
2. Dr. Vasundhara Upmanyu, Joint Secretary
3. Shri Lucas L. Kamsuan, Joint Secretary
4. Shri Amardeep Singh Chowdhary, Pr. Adviser

5. Dr. Sumantra Pal, Economic Adviser
6. Ms. Bindu Sreedathan, Deputy Director General

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:-

- Resilience of the economy amidst geopolitical uncertainties;
- Increase in capital expenditure and its impact on domestic capital;
- Efficient working of Pradhan Mantri Jan Dhan Yojana (PMJAY) and other programmes for poorest of the poor alongwith need to increase the minimum provident fund pension.
- Need to make the Output Outcome Monitoring Framework (OOMF) more comprehensive;
- Recapitalization of Regional Rural Banks (RRBs) alongwith technology upgradation in banking sector and need for strengthening RRBs;
- Need for efficiently enhancing reach of schemes such as Start-up India, Micro Units Development & Refinance Agency (MUDRA) loan, fishermen developing loans etc., to rural areas and improving their ground level implementation;
- Progress in National Investment Infrastructure Fund (NIIF);
- Wide variations in numbers in demands of Department of Economic Affairs (DEA) and need for efficient budget planning processes anticipating expenditures across departments;
- Roadmap towards a balanced budget/surplus budget and analysing the Dept-Gross Domestic Product (GDP) ratio;
- Implications of the shift to gold from dollar on the economy;
- Impact of recapitalization of insurance companies and their solvency ratios;
- Intention behind reduction of commission of Life Insurance Corporation (LIC) agents and state of online agencies *vs* physical agents;
- Details of New Schemes announced in the Budget for which a huge amount of Rs.62,592.88 crore proposed;

- Reasons for reduction in fund allocation for affordable and mid-income housing;
- Provisions for increasing Foreign Direct Investments (FDIs) in Private and Public Sector Banks;
- Measures undertaken to establish more benches under Security Appellate Tribunal;
- Gold monetization scheme;
- Means to increase the disbursal of loans to women and Scheduled Castes (SCs)/ Scheduled Tribes (STs) entrepreneurs;
- Steps being undertaken to motivate private sector to invest in infrastructure sector;
- Schemes for reducing cost of funds for the Micro, Small and Medium Enterprises Sectors (MSMEs) and Goods and Services Tax (GST) assessment for MSMEs;
- Mechanism and role out of Public Tech Platform for Frictionless Credit;
- Mechanisms to enable MSMEs to learn about and access facilities such as Account Aggregator Framework and clarification of priority sector lending rules for easy access of funds to MSMEs;
- Provision of equivalent names of schemes in local languages for wider reach into the public;
- Allocation for Artificial Intelligence in financial services;
- Steps being taken to control cyber fraud which is increasing at an alarming and exponential rate;
- Status of National Export Insurance Account (NEIA) under which Export-Import Bank of India (EXIM Bank) supports domestic private players going to other countries and starting a business there;
- Taxation and regulatory framework for virtual currencies and cybercrimes being routed through crypto-currency;
- Impact of gaming industry on the economy;
- Absorption of central sector schemes and centrally sponsored schemes funds in Aspirational Districts compared to other districts of the state;

- Steps being taken to increase the enrollment under Atal Pension Yojana (APY) and other social welfare programmes and efficiently increasing the reach of welfare programmes concerning the poor people in the rural areas;
- Need for easy flow of credit towards the women led MSMEs, agriculture and agri food processing sector;
- Increasing efficiency of grievances redressal mechanisms of public sector bank and insurance companies;
- Proceeds from disinvestment and asset monetization amidst market volatility, disinvestment targets and steps being taken to mitigate challenges;
- Need for easing the process of renewal of Kisan Credit Card (KCC);
- measures being undertaken to ensure accurate forecasting of subsidy requirement for pension schemes;
- Analysis of fiscal position of states and improvement of their fiscal position alongwith analysis of financing to states;
- Financial impact of New Pension Policy;
- Details of Central Public Sector Enterprises (CPSEs) and their financial performances; and
- Statewise inflation figures and means to address the issue of sticky inflation.

3. The witnesses responded to the queries raised by the Members. 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.

APPENDIX – II

Minutes of the Seventh sitting of the Standing Committee on Finance (2024-25). The Committee sat on Wednesday, the 04 December, 2024 from 1500 hrs to 1530 hrs in Committee Room 'G-074', Parliament Library Building, New Delhi.

PRESENT

Shri Bhartruhari Mahtab – Chairperson

LOK SABHA

2. Shri P. P. Chaudhary
3. Shri Lavu Sri Krishna Devarayalu
4. Shri Gaurav Gogoi
5. Shri Kishori Lal
6. Shri Harendra Singh Malik
7. Shri Chudasama Rajeshbhai Naranbhai
8. Thiru Arun Nehru
9. Shri N. K. Premachandran
10. Dr. C. M. Ramesh
11. Dr. Jayanta Kumar Roy
12. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

13. Shri Milind Murli Deora
14. Dr. Ashok Kumar Mittal
15. Shri Sanjay Seth
16. Dr. Dinesh Sharma
17. Smt. Darshana Singh
18. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Gaurav Goyal	-	Joint Secretary
2.	Shri Vinay Pradeep Barwa	-	Director
3.	Shri Kuldeep Singh Rana	-	Deputy Secretary
4.	Shri T. Mathivanan	-	Deputy Secretary

2. 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. First Report on Demands for Grants (2024-25) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Investment & Public Asset Management and Public Enterprises).
ii. Second Report on Demands for Grants (2024-25) of the Ministry of Finance (Department of Revenue).
iii. Third Report on Demands for Grants (2024-25) of the Ministry of Corporate Affairs.
iv. Fourth Report on Demands for Grants (2024-25) of the Ministry of Planning.
v. Fifth Report on Demands for Grants (2024-25) of the Ministry of Statistics and Programme Implementation.
vi. Sixth Report on Action Taken by the Government on recommendations contained in 59th Report (Seventeenth Lok Sabha) on the subject 'Cyber Security and Rising Incidence of Cyber/White Collar Crimes'.
vii. Seventh Report on Action Taken by the Government on recommendations contained in 66th Report (Seventeenth Lok Sabha) on the subject 'Performance Review and Regulation of Insurance Sector'.

After some deliberations, the Committee adopted the above draft Reports with minor modifications and authorised the Chairperson to finalise them and present the Reports to the Parliament.

The Committee then adjourned.