

33

**STANDING COMMITTEE ON FINANCE
(2025-26)**

EIGHTEENTH LOK SABHA

MINISTRY OF FINANCE

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

**DEMANDS FOR GRANTS
2026-27**

THIRTY-THIRD REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2026/ Phalguna, 1947 (Saka)

THIRTY-THIRD REPORT

**STANDING COMMITTEE ON FINANCE
(2025-26)**

(EIGHTEENTH LOK SABHA)

MINISTRY OF FINANCE

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

**DEMANDS FOR GRANTS
(2026-27)**

Presented to Lok Sabha on 17 March, 2026

Laid in Rajya Sabha on 17 March, 2026



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2026/ Phalguna, 1947 (Saka)

CONTENT		
REPORT		
PART-I NARRATION-ANALYSIS		
		Page No.
Chapter - I	INTRODUCTORY	1
Chapter - II	MANDATE OF THE DEPARTMENTS	2
Chapter - III	SUBMISSIONS ON DEMAND/APPROPRIATION Nos.	
	(i) 38- Indian Audit and Accounts Department	11
	(ii) 39- Interest Payments	13
	(iii) 40- Repayment of Debts	15
	(iv) 41- Pensions	17
	(v) 42- Transfer to States	18
Chapter - IV	BUDGETARY ALLOCATIONS AND OTHER ISSUES	22
PART-II		
	OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE	106
APPENDICES		
Appendix – I	Minutes of the Sitting of the Committee held on 02.03.2026	122
Appendix – II	Minutes of the Sitting of the Committee held on 13.03.2026	127

COMPOSITION OF STANDING COMMITTEE ON FINANCE (2025-26)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Rajesh Naranbhai Chudasama
5. Shri Lavu Sri Krishna Devarayalu
6. Shri Gaurav Gogoi
7. Shri K. Gopinath
8. Shri Suresh Kumar Kashyap
9. Shri Kishori Lal
10. Shri Harendra Singh Malik
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 Narain Dass Gupta
24. Shri Praful Patel
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. Smt. Bharti Sanjeev Tuteja Director
3. Shri T. Mathivanan Deputy Secretary

INTRODUCTION

I, the Chairperson, of the Standing Committee on Finance, having been authorised by the Committee, present this Thirty-Third Report (Eighteenth Lok Sabha) on 'Demands for Grants (2026-27)' of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Public Enterprises and Investment & Public Asset Management).

2. The Demands for Grants (2026-27) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, 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, Public Enterprises and Investment & Public Asset Management) on 02 March, 2026. The Committee wish to express their thanks to the representatives of the Departments of Economic Affairs, Expenditure, 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 (2026-27).

4. The Committee considered and adopted this Report at their Sitting held on 13 March, 2026.

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;
13 March, 2026
22 Phalguna, 1947 (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 and Demand No. 32 pertaining to Department of Financial Services are also examined and reported separately since 2025-26.

II MANDATE OF THE DEPARTMENTS OF ECONOMIC AFFAIRS (Demand no. 30), EXPENDITURE (Demand no. 31), 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) Economic Division

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

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

quarter a Macro-Economic backdrop statement is prepared and provided to the Budget Division for incorporating in the review of quarterly receipts and expenditure.

(2) 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) Infrastructure Policy & Planning Division

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) Investment and Digital Economy Division

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) Administration Division

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

(9) 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 Public Enterprises

Demand No. 33

2.17 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 a 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 a full-fledged Department as the Department of Public Enterprises (DPE). At that time, it was made part of the Ministry of Industry. Presently, it is part of the Ministry of Finance.

2.18 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.

2.19 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 of 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. Counselling, 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 the 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. Matter relating to International Center for Public Enterprises.
11. Categorization of Central Public Sector Enterprises including conferring 'Ratna' status.
12. Survey of Public Enterprises.

Department of Investment and Public Asset Management

Demand No. 34

2.20 The Department of Disinvestment was set up as a separate Department on 10th December 1999 and was later renamed as Ministry of Disinvestment from 6th

September 2001. From 27th May 2004, the Department of Disinvestment is one of the Departments under the Ministry of Finance.

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

Functions

2.22 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 and Accounts Department

3.1 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 46314 manpower under this Department. The Audit offices entrusted with the responsibility of audit of all receipts and expenditure of the Union/State Governments and the local self Governments and also authorizing GPF and Pensions and allied Accounts & Entitlements of the State Governments. To fulfill the constitutional mandate, 75 per cent staff of Audit Offices and 05 per cent staff of Civil Accounts staff have to be on tour.

3.2 Statement showing Projected Demand for the year 2026-27 and Allocation made by Ministry of Finance:

(in crore)

Year	Projected Demand in 2026-27 (Gross)	Allocation made by Ministry of Finance (Gross)	Impact, of lesser allocation	Action to Meet Shortfall
2026-27	9923.26	6834.28	Shortfall of Rs.3088.98 crore	<p>i) Restriction of Rs.2826 crore was mainly under capital section for acquisition of office building and residential quarters. It shall be pursued with Ministry of Finance.</p> <p>ii) Remaining shortfall pertains to establishment expenditure. Same will be reviewed and projected at Revised Estimate 2026-27 stage.</p>

3.3 Statement showing approved provision in Budget Estimates, Revised Estimates from 2022-23 onwards along with actual expenditure:-

(in crore)

Year	Budget Estimates (Gross)	Revised Estimates (Gross)	Surrender of savings	Expenditure
2026-27	6834.28	--	--	--
2025-26	6805.23	7073.72	--	--
2024-25	6353.77	6635.30	21.78	6587.40
2023-24	6183.03	6343.95	24.48	6281.80
2022-23	5976.56	6110.77	73.96	6027.37

3.4 Details of Revised Estimates 2025-26 & Budget Estimates 2026-27

(in crore)

Year	Revenue (Gross)			Capital	Grant Total (Gross)	% increase
	Salary	Non-Salary	Total			
2025-26	2900.31	3631.79	6532.10	541.62	7073.72	--
2026-27	2856.34	3808.97	6665.31	168.97	6834.28	(-) 3.38

There is a decrease of 3.38% in Budget Estimates 2026-27 from Revised Estimates 2025-26.

3.5 The position of Budget Estimates approved for the years, 2022-23, 2023-24, 2024-25, 2025-26 and 2026-27 is as under:-

PART – A

1. MAJOR HEAD : 2016 – Audit

(In thousands of Rupees)

Revenue Section				
Year	Voted	Charged	Total	% Increase
2026-27	63403100	3250000	66653100	0.52%
2025-26	63327800	2983600	66311400	7.44%
2024-25	58829800	2888300	61718100	2.18%
2023-24	57766000	2636700	60402700	1.07%
2022-23	57474900	2290700	59765600	--

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
2026-27	160000	--	160000	23.08%
2025-26	130000	--	130000	(-) 23.53%
2024-25	170000	-	170000	(-) 15.00%
2023-24	200000	-	200000	33.33%
2022-23	150000	-	150000	--

3. MAJOR HEAD: 4216 – Capital Outlay on Housing

(In thousands of Rupees)

Year	Voted	Charged	Total	% Increase
2026-27	90000	-	90000	28.52%
2025-26	70000	-	70000	(-)12.50%
2024-25	80000	-	80000	(-) 20.00%
2023-24	100000	-	100000	11.11%
2022-23	90000	-	90000	--

4. Major Head: 4016-'Capital Outlay on Audit'

(In thousands of Rupees)

Year	Voted	Charged	Total	% Increase
2026-27	1386100	53600	1439700	(-) 6.57%
2025-26	1508500	32400	1540900	(-) 1.83%
2024-25	1507500	62100	1569600	61.37%
2023-24	1127600	--	1127600	--

Appropriation No.39

Interest Payments

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

3.7 The actual expenditure incurred during 2022-23 to 2024-25 and estimates of 2025-26 and 2026-27 (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						
2022	970003.67	14.50	984073.58	17.55	972715.23	17.44
2023	1113971.00	14.84	1106524.08	12.44	1102651.05	13.36
2024	1208841.36	8.52	1185170.92	7.11	1164271.06	5.59
2025	1352307.47	11.87	1352307.49	14.10		
2026	1443971.79	6.79				
On Net Basis						
2022	940651.02	16.17	940651.02	15.59	928517.03	15.27
2023	1079971.00	14.81	1055427.21	12.20	1063872.18	14.58
2024	1162940.29	7.68	1137940.29	7.82	1115574.60	4.86
2025	1276337.98	9.75	1274338.00	11.99		
2026	1403971.79	10.00				

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

3.9. The provision in RE 2025-26 on net basis is slightly lower than that of BE 2025-26. Increase in BE 2026-27 is mainly on account of higher provisions for interest on Market Loans, interest on Auctioned Treasury Bill and interest on External Debt. Increase in the provisions for Market Loans is owing to increase in fixed incidence due to full year interest on securities issued in 2025-26 coupled with new borrowing in 2026-27.

Appropriation No.40

Repayment of Debt

3.10 The Appropriation 'Repayment of Debts' 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.

3.11 Fiscal Deficit in a year is financed through borrowings from various sources, net of repayments and cash draw-down. In a fiscal deficit regime, repayment obligations are primarily met out of fresh borrowings. An analysis of Demands for Grants No.40- Appropriation - 'Repayment of Debts', i.e. year wise percentage increase/decrease over the period from 2022-23 to 2026-27 (on gross and net basis) are tabulated below:

Table: Appropriation No. 40- Repayment of Debts						
(₹ 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 (Gross)						
2022-23	7034456.86	1.90	7235128.71	20.05	7159772.43	8.32
2023-24	8902796.71	26.56	7559291.56	4.48	7415175.74	3.57
2024-25	7902220.37	-11.24	8351872.81	10.48	8445340.86	13.89
2025-26	8973259.71	13.55	8108406.82	-2.91		
2026-27	9459383.97	5.42				
Major Head – 6001 – Internal Debt (Net)						
2022-23	7034456.86	1.90	7235128.71	20.05	7159772.43	8.32
2023-24	8824692.71	25.45	7481187.56	3.40	7415175.74	3.57
2024-25	7775043.43	-11.89	8351872.81	11.64	8445340.867	13.89
2025-26	8973259.71	15.41	8108406.82	-2.91		
2026-27	9459383.97	5.42				

Major Head-6002-External Debt						
2022-23	40610.30	-0.77	39882.90	10.71	39928.70	11.59
2023-24	45656.00	12.42	47873.20	20.03	47317.13	18.50
2024-25	55910.40	22.46	55685.20	16.32	55438.04	17.16
2025-26	65388.45	16.95	68651.80	23.28		
2026-27	75061.91	14.79				

3.12 This Appropriation includes provision for discharge of Ways and Means Advances, Cash Management Bills including overdraft from RBI. These are short term funds availed mainly to meet intra-year mismatches between receipts and disbursements of the Government. 14 days Intermediate Treasury Bills (ITBs) provide an avenue to State Governments to invest their short-term surplus funds. Given the dynamic nature of cash flows of State Governments, requirement of funds for repayment particularly under ITBs is very difficult to assess with precision.

3.13 Decrease in RE 2025-26 over BE is mainly due to lower provision for Intermediate (14 days) Treasury Bills (- ₹ 4.87 lakh crore) owing to anticipated lower repayment requirement, lower volume of utilisation of Ways and Means Advances (- ₹ 4.98 lakh crore) and non-utilisation of Cash Management Bills (- ₹ 0.50 lakh crore due to prudent cash management by the Government.

3.14 Increase in BE 2026-27 over RE 2025-26 by ₹ 13.57 lakh crore is owing to higher provision sought for repayment of Market Loans (₹ 1.50 lakh crore), Ways & Means Advances (₹ 4.98 lakh crore), Auctioned Treasury Bills (0.74 lakh crore), Cash Management Bills (0.50 lakh crore), redemption of securities issued to NSSF (₹ 0.69 lakh crore) and higher inflows and outflows in ITBs (₹ 5.09 lakh crore).

Demand No.41

Pensions

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

3.16 Projected Demand by CPAO was Rs.101767 crore vis-a-vis Budget Division, Ministry of Finance allocated Rs.101500 crore. There will be no significant impact on Pension Grant due to lesser allocation of Rs.267 crore as it is only 0.26% of total allocation.

3.17 Percentage Variation in Heads over the last three years are given below:-

(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 $\frac{\text{Col. 7} \times 100}{\text{Col. 6}}$
1	2	3	4	5	6	7	8
2023-24	2071 – Pension and other Retirement Benefits	72657.60	75657.60	75416.22	68289.80	(+)7367.80	(+)10.79
	2235 – Social Security & Welfare	43.40	43.40	28.56	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	93675.90	93331.69	75657.60	(+)18018.30	(+) 23.82
	2235 – Social Security & Welfare	44.10	44.10	29.46	43.40	0.70	(+) 1.61
	Total	80241.00	93720.00	93361.15	75701.00	18019.00	(+)23.80
2025-26	2071 – Pension and other Retirement Benefits	98149.90	94719.90	65147.74 (upto 30.12.2025)	93675.90	(+) 1044.00	(+)1.11
	2235 – Social Security &	36.10	36.10	17.80 (upto 30.12.2025)	44.10	(-) 8.00	(-)18.14

	Welfare						
	Total	98186.00	94756.00	65165.54	93720.00	1036.00	(+)1.11
2026-27	2071 – Pension and other Retirement Benefits	101471.95	-	-	-	-	-
	2235 – Social Security & Welfare	28.05	-	-	-	-	-
	Total	101500.00	-	-	-	-	-

3.18 Reasons for variations in the Revised Estimates for the last three years 2023-24 to 2025-26 are broadly as under :-

- Due to increase in D.A. rates.

Date from which payable	Dearness Allowances Rate
01.01.2023	42%
01.07.2023	46%
01.01.2024	50%
01.07.2024	53%
01.01.2025	55%
01.07.2025	58%

- Enhancement of maximum amount of Gratuity from Rs.20 Lakh to Rs.25 Lakh w.e.f. 01.01.2024 vide OM No.28/03/2024-P&PW/(B)/Gratuity/ 9559 dated 30.05.2024.
- Inclusion of Pension expenditure of J&K Police Personnel w.e.f. 01.04.2024.
- An amount of Rs.7000 crore are kept under Reserve Fund “Unified Pension Scheme for Government Employees” during the year 2024-25.
- 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.
- Fresh recruitment of NPS and UPS employees.
- Increase in Pension from Rs.25000 to Rs.31000 per mensem of Member and Ex-Member of Parliament w.e.f. 01.04.2023 vide Gazette Notification dated 21.03.2025

Demand No.42

Transfers to States

Public Finance States Division

3.19 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. The Details of provisions and releases under Demand No. 42 for the period (2023-24 to 2026-27) are given in Statement No. 1(a) & (b) below:-

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 2021-22 the grants recommended by the 15th Finance Commission are being released.

The Union Government has accepted the recommendations of 16th Finance Commission for the award period 2026-27 to 2030-31. The Grants recommended by 16th Finance Commission are covered under Article 275(1) of the Constitution.

The 16th 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.

The State's share of Central Tax during 2026-27 BE is estimated to be Rs. 15,26,254.58 crore as compared to Rs. 14,22,444.11 crore in 2025-26 BE showing an increase of Rs.1,03,810.47 crore. As per the accepted recommendations of 16th Finance Commission, Grant-in-aid of Rs. 1,01,181.00 crore for local body grants & grants of Rs.22,574.10 crore for central share towards the State Disaster Response Fund (SDRF) and an amount of Rs. 5,641.50 crore for State Disaster Mitigation Fund (SDMF) has also been provided during BE 2026-27. An amount of Rs. 1,29,396.60 crore is estimated in 2026-27 (BE) in Demand No. 42 for Finance Commission Grants.

Statement No. 1(a)

Scheme-wise BE,RE & Actual Releases during the period 2023-24 to 2025-26 & BE for 2026-27 regarding Schemes under Demand No. 42 of Ministry of Finance, Department of Expenditure, Public Finance-States

Sl. No.	Name of the Scheme	(Rs. In Crore)										
		2023-24			2024-25			2025-26			Short-fall/Excess, if any, with reasons	2026-27
		BE	RE	Actual Releases	BE	RE	Actual Releases	BE	RE	Actual Releases upto 31.01.2026		BE
1	Special Assistance	12000.00	13000.00	11695.21	20000.00	18000.00	3350.00	10000.00	10000.00	1050.00	'Special Assistance' is a need based assistance which is provided to States as and when demanded.	15000.00
2	Addl. Central Assistance for Externally Aided Projects (EAPs) (Loans & Grants)	29450.00	34500.00	36787.24	41900.00	43410.00	42583.52	52730.00	60141.00	40373.20	CAAA 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.	63498.00
3	Support for COVID-19 Vaccination	0.01	0.01	0.00	0.01	0.01	0.00	0.01	0.01	0.00	This Budget line was introduced from FY 2021-2022 in order to provide support for COVID-19 Vaccination.	0.01
4	Special Assistance as Loan to States/ Union Territories with Legislature for Capital Expenditure	130000.00	105551.00	109554.30	150000.00	125000.00	149483.73	150000.00	150000.00	106199.38	This Budget line was introduced from FY 2020-2021 in order to provide Special Assistance as Loan to States for Capital Expenditure. From 2025-26 the scheme has also been extended to Union Territories with Legislature	200000.00
5	Assistance to States for Public Health Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	699.00	0.00	This is a new budget line introduced from FY 2025-26 for providing financial assistance to States for Upgradation of public health infrastructure	4200.00
Total		171450.01	153051.01	158036.75	211900.01	186410.01	195417.25	212730.01	220840.01	147622.58		282698.01

Statement 1 (b)

Scheme-wise BE,RE &Actual Releases during the period 2023-24 to 2025-26 & BE for 2026-27 regarding Finance Commission Grants under Demand No.42 of Ministry of Finance, Department of Expenditure, Public Finance-States

(Rs. in Crore)

Sl.No.	Schemes	2023-24			2024-25			2025-26			2026-27
		BE	RE	Actual	BE	RE	Actual	BE	RE	Actual Upto 31.01.2026	BE
A.1	Post Devolution Revenue Deficit Grant	51673.00	51673.00	51673.00	24483.00	24483.00	24483.00	13705.00	13705.00	11420.83	0.00
2	Grant-in-Aid for State Disaster Relief Fund	19572.80	19572.80	19419.60	20550.40	20550.40	20264.40	21575.20	24257.00	20459.20	22574.10
3	Grant-in-Aid for State Disaster Mitigation Fund	4893.20	4893.20	4253.50	5137.60	5137.60	4984.25	5393.80	9258.00	5288.80	5641.50
4	Grants for Local Bodies:										
4(i)	Rural Bodies	47018.00	40778.00	47260.15	49800.00	45000.00	41261.96	48573.00	54314.00	21439.81	55909.00
4(ii)	Urban Bodies	24222.00	19222.00	21223.04	25653.00	21000.00	19260.11	26158.00	26023.00	10901.76	37272.00
4(iii)	Urban Bodies Special Infrastructure Component	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6000.00
4(iv)	Urban Bodies Urbanisation Premium Component	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2000.00
5	Grant for Health Sector	13851.00	4000.00	4692.61	6004.17	10225.30	10604.44	15272.00	25171.00	13800.71	0.00
6	Grants for Incubation of New Cities	4000.00	200.00	0.00	500.00	500.00	0.00	2000.00	0.00	0.00	0.00
7	Grants for Shared Municipal Services	250.00	90.00	0.00	250.00	250.00	0.00	90.00	225.00	224.99	0.00
	Total	165480.00	140429.00	148521.90	132378.17	127146.30	120858.16	132767.00	152953.00	83536.10	129396.60
B.	Assistance to States from NDRF	10928.00	7000.00	1048.50	11474.00	11474.00	5356.03	12048.00	12048.00	3893.22	11496.00
C.	Assistance to States from NDMF	2732.00	2000.00	0.00	2868.60	2300.00	719.72	3012.00	3012.00	923.37	2874.00

IV BUDGETARY ALLOCATIONS AND OTHER ISSUES

A. DEPARTMENT OF ECONOMIC AFFAIRS

Demand No: 30

(₹ in crore)

Projected Demand (FY 2026-27) by Demand No.30-Department of Economic Affairs (DEA)			Allocation made by Ministry of Finance		proposed plan of action to meet the shortfall
	Revenue Section	Capital Section	Revenue Section	Capital Section	There is shortfall in Revenue Section. The Department will undertake economic measures to meet the expenditure requirements on which the Budget Estimates (BE) for FY 2026-27 were proposed. In case these expenditure demands are not fully met, the Department will have the option to address them at Revised Estimates (RE) stage. Additionally, if required, the Department may resort to re- appropriation and supplementary grants to ensure that expenditure needs are adequately covered.
On Gross Basis	5715.00	75198.91	5029.89	126297.48	
Total (Revenue + Capital)	80913.91				

4.1 Statement showing increase/decrease (Major Head wise) over the last three year – Percentage increase/decrease:-

(₹ in crore)

Major Head	Budget Estimates (BE)	Budget Estimates (BE)	%Increase (+) /Decrease(-)	Budget Estimates (BE)	%Increase (+) /Decrease(-)	Budget Estimates (BE)	%Increase(+) /Decrease(-)
	2023- 24	2024- 25	Over BE 2023-24	2025-26	Over BE 2024- 25	2026-27	Over BE 2025-26

Revenue Section							
2052	232.77	222.66	-4.34%	210.06	-5.66%	221.10	5.26%
2047	10.10	7.29	-27.82%	6.93	-4.94%	5.32	-23.23%
2070	27.68	52.22	88.66%	45.25	-13.35%	15.95	-64.75%
2075	1000.04	0.04	-99.99%	0.05	25.00%	0.06	20.00%
2235	0.03	0.03	0.00%	0.03	0.00%	0.05	66.66%
2250	0.00	0.00	0.00%	0.01	---	0.01	0.00%
2416	139.20	139.20	0.00%	139.20	0.00%	76.00	-45.40%
3465	2.00	51.05	2452.50%	51.12	0.14%	1051.23	1956.40%
3466	745.76	841.57	12.85%	926.04	10.04%	901.27	-2.67%
3475	3359.16	9447.13	181.23%	1472.27	-84.42%	964.14	-34.51%
3605	1392.35	3954.34	184.00%	136.79	-96.54%	1794.76	1212.05%
TOTAL	6909.09	14715.53	112.98%	2987.75	-79.70%	5029.89	68.35%
Capital Section							
4046	2518.00	2568.00	1.99%	3120.85	21.53%	1038.00	-66.74%
4047	0.05	0.04	-20.00%	0.04	0.00%	0.02	-50.00%
4070	15.26	18.78	23.07%	15.42	-17.89%	14.69	-4.73%
4076	-	-	-	-	-	49600.00	-
4216	0.01	0.01	0.00%	0.01	0.00%	0.01	0.00%
5465	3998.00	3000.00	-24.96%	4500.00	50.00%	4150.00	-7.78%
5466	1384.11	1406.51	1.62%	61291.71	4257.72%	69256.34	12.99%
5475	0.01	62602.88	626028700%	41700.01	-33.39%	2000.01	-95.20%
6416	56.03	58.10	3.69%	0.00	-100.00%	0.00	-
7465	30.97	35.95	16.08%	31.45	-12.52%	13.40	-57.39%
7475	0.01	0.01	0.00%	0.01	0.00%	0.01	0.00%
7610	225.00	225.00	0.00%	225.00	0.00%	225.00	0.00%
TOTAL	8227.45	69915.28	749.78%	110884.50	58.60%	126297.48	13.90%
Grand Total	15136.54	84630.81	459.12%	113872.25	34.55%	131327.37	15.33%

Reasons for variations:-

Revenue Section

MH-2052- Secretariat General Services:

The provision under this Head is kept for the Secretariat expenditure of the Department of Economic Affairs. Small decrease in BE 2024-25 over BE 2023-24 was due to non-requirement of funds under Pensionary Charges, less requirement of funds in G-20 Secretariat, G20 India Presidency and India Regional Office of New Development Bank (NDB). The decrease in BE 2025-26 over BE 2024-25 was due to less requirement of funds in G-20 Secretariat. The increase in BE 2026-27 over BE 2025-26 is mainly due to increase in Allowances, Domestic Travel Expenses, Office Expenses and Rent Rates & Taxes for Land and Buildings.

MH-2047 – Other Fiscal Services:

The provision under this head is kept for expenditure of National Savings Institute (NSI) with its network of regional offices. It also includes the provision for interests on deposits under compulsory deposits (Income Tax Payers) Scheme, 1974 & contribution to rental cost of IMF resident office, Delhi. The decrease in BE 2024-25 over BE 2023-24 was due to less requirement of funds towards Salaries, Printing and Publication and Advertising & Publicity owing to closure of regional centers of NSI. There was slightly decrease in BE 2025-26 over BE 2024-25 due to less requirement of National Savings Institute (NSI). The decrease in BE 2026-27 over BE 2025-26 is due to superannuation and VRS taken by some employees of NSI in FY 2026-27.

MH-2070 – Other Administrative Services:

The provision under this head is for expenditure on Finance Commissions and Security Appellate Tribunal (SAT). The increase in BE 2024-25 over BE 2023-24 was due to requirement of funds towards establishment expenditure of Sixteenth Finance Commission. The decrease in BE 2025-26 over BE 2024-25 was due to less requirement of funds towards establishment expenditure of Security Appellate Tribunal (SAT) and Sixteenth Finance Commission. The decrease in BE 2026-27 over BE 2025-26 is mainly due to winding up of 16th Finance Commission in FY 2025-26.

MH-2075 – Miscellaneous General Services:

The main provision is for transfer to Guarantee Redemption Fund. The provision is also for interest payment of Central Government Securities in time barred cases and payment in connection with unclaimed securities credited to Government accounts. The decrease in BE 2024-25 over BE 2023-24 was due to less requirement of funds towards Guarantee Redemption Fund. There was slight increase in BE 2025-26 over BE 2024-25. The small increase in BE 2026-27 over BE 2025-26 is due to requirement of more funds towards payments in connection with interest payment of Central Securities and time barred cases.

MH-2235 – Social Security & Welfare:

Budget provision is made only for Protected Savings Schemes under this head. The small increase in BE 2026-27 over BE 2025-26 is due to requirement of more funds towards Protected Savings Schemes.

MH-2250 – Other Social Services:

Budget provision is made only for Transfer to Senior Citizen Welfare Fund under this head. Budget provision ₹0.01 crore is made in BE 2026-27 as token provision.

MH-2416 – Agriculture Financial Institutions:

India is one of the founder members of International Fund for Agricultural Development (IFAD). The increase in BE 2023-24 over BE 2022-23 was due to more requirement of funds on account of INR-USD exchange rate variations. There was no change BE 2025-26 over BE 2024-25. Further, it is stated that India has committed USD 25 million for IFAD-13 and in IFAD-12 it was 47 million. Accordingly, first instalment of USD 9 million was paid in Jan 2025 and the second instalment of USD 8 million will be paid in Jan 2026. The last and third Instalment of USD 8 million will be paid In Jan 2027. That is why there is major decrease in BE 2026-27 over BE 2025-26.

MH-3465 – General Financial and Trading Institutions:

The provisioning is made under this head for providing management fee for National Investment and Infrastructure Fund (NIIF) and Guarantee Scheme for Corporate Debt. Increase in BE 2024-25 over BE 2023-24 was due to provisioning of funds towards Guarantee Scheme for Corporate Debt. Budget provisioning under this head for the year 2024-25 was kept at ₹51.05 crore. There was slightly increase in BE 2025-26 over BE 2024-25 due to more requirement of funds towards advisory services on NIIF. Further, major increase in BE 2026-27 over BE 2025-26 is mainly due to contribution of ₹1000.00 crore towards Infrastructure Risk Guarantee Fund for providing calibrated partial credit guarantees to lenders and enable greater financing for infrastructure projects.

MH-3466 – International Financial Institutions:

The provisions under this head include Contribution to African Development Fund, South-South Experience Exchange Trust Fund (SEETF), International Development Association (IDA), Climate Action Peer Exchange (CAPE), African Development Fund (AfDF), Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response (the Pandemic Fund & Asian Development Fund (ADF) and Contribution to South Asia Regional Training and Technical Assistance Centre (SARTTAC). The provision for BE 2024-25 was kept at ₹841.57 crore which was on higher side as compared to BE 2023-24 due to requirement of funds towards South Asia Regional Training and Technical Assistance Centre (SARTTAC)- International Monetary Fund (IMF). The provision for BE 2025-26 was kept at ₹926.04 crore which is higher as compared to BE 2024-25 due to requirement of more funds towards South Asia Regional Training and Technical Assistance Centre (SARTTAC)- International Monetary Fund (IMF) and ADF. The provision for BE 2026-27 is kept at ₹901.27 crore which is slightly lower as compared to BE 2025-26 due to completion of entire contribution to SARTTAC as per the LOU of IMF with Gol.

MH-3475 – Other General Economic Services:

The provision under this Head includes Assistance for Infrastructure Development-Viability Gap Funding, India Infrastructure Project Development Fund (IIPDF), Training

for Capacity Building in Central government, State governments, PSEs, Autonomous bodies/ , Commission for Gold Monetisation Scheme, 2015, Transfer to Gold Reserve Fund, International Co-operation i.e. contribution to Commonwealth Fund for Technical Cooperation, contribution to Global Fund for AIDS, TB and Malaria (GFATM), contribution to Global Alliance for Vaccination and Immunization (GAVI), expenditure on Economic Wing of the Embassy of India at Washington, Beijing and Tokyo, Training of Indian Economic Service Officers, and Grants-in-Aid to International Financial Services Centres Authority(IFSCA), Institute of Economic Growth(IEG) & Other Economic Research Institution. The increase in BE 2024-25 over BE 2023-24 was mainly due to additional fund requirement towards Sovereign Gold Monetization Scheme 2015 and Sovereign Gold Bond Scheme 2015 on account of redemption of Sovereign Gold Bond and Payment of interest thereon. The decrease in BE 2025-26 over 2024-25 was mainly due to less requirements of funds towards Training for Capacity Building, Commission for Gold Monetisation Scheme, 2015, Contribution to the GAVI and Sovereign Gold Bond Scheme 2015. The decrease in BE 2026-27 over 2025-26 is mainly due to less requirement of funds towards Viability Gap Funding Scheme, Establishment related expenditure of EOI Washington, less demand of Training Expenses of IES Officers and no requirement of funds towards Contribution to GFATM, FMC and Commission for Gold Monetisation Scheme, 2015.

MH-3605 – Technical & Economic Cooperation with Other Countries:

The provision under this Head includes contribution to United Nations Development Programme (UNDP), Global Environment Facility (GEF), Liaison Office of G-24, Interest Equalisation support to Exim Bank of India and Indian Companies [(Lines of Credit under Indian Development and Economic Assistance Scheme (IDEAS)], Expenses for Organizing BRICS related Activities, Service Tax to GIZ (Indo-German Bilateral Development Co-operation). Budget Estimates for 2024-25 was kept at ₹3954.34 crore which was on the higher side as compared to BE 2023-24 mainly due to more requirement of funds towards Interest Equalisation support to Exim Bank of India and Indian Companies [(Lines of Credit under Indian Development and Economic Assistance Scheme (IDEAS))] and UNDP. The amount approved under IDEAS Scheme for XVth FC cycle was ₹9966 crore and balance available for FY 2025-26 is only ₹27 crore. Hence, there was major decrease in BE 2025-26 over BE 2024-25. Further, it is stated that significant increase in BE 2026-27 over BE 2025-26 is mainly due to more requirements of funds towards IDEAS Scheme.

Capital Section

MH-4046 – Capital Outlay on Currency, Coinage & Mint:

The provision is for Gold Monetization Scheme 2015 and purchase of coins from Security Printing and Minting Corporation of India Limited (SPMCIL). There was a slight increase in BE 2024-25 mainly due to more requirements of funds towards Gold Monetization Scheme, 2015. The increase in BE 2025-26 over BE 2024-25 was due to more requirements of funds towards Gold Monetization Scheme, 2015 and there would be no cash outgo as the entire amount will be deducted as recovery. Further, it is stated that Medium and long term deposits have been discontinued under GMS, 2015 with

effect from 26.03.2025; no expenditure is required for GMS, 2015 from now on. Hence, there is huge decrease in BE 2026-27 over BE 2025-26.

MH-4047 – Capital Outlay on Other Fiscal Services:

The provision is for establishment related expenditure of National Savings Institute (NSI) towards Information, Computer, Telecommunications (ICT) equipment. Decrease in BE 2024-25 over BE 2023-24 was due to closure of regional centres of NSI. There was no change in BE 2025-26 over BE 2024-25. Further, slightly decrease in BE 2026-27 over BE 2025-26 is due to less requirement of funds.

MH-4070- Capital Outlay on Other Administrative Services:

The provision is for establishment related capital expenditure of DEA, G-20 Secretariat, Securities Appellate Tribunal (SAT) and for Sixteenth Finance Commission. Further, New heads for establishment related capital expenditure of Economic Wing of the Embassy of India, Washington, Tokyo and Beijing was opened in BE 2024-25. The Increase in BE 2024-25 over BE 2023-24 was due to more demand under Information, Computer, Telecommunications (ICT) equipment Budget Head of DEA owing to AMC Payment made by DEA and purchase of general IT equipment in FY 2024-25. The decrease in BE 2025-26 over BE 2024-25 was due to less requirements of funds towards Information, Computer, Telecommunications (ICT) equipment under DEA, SAT and Sixteenth Finance Commission. Further, the decrease in BE 2026-27 over BE 2025-26 is mainly due to winding up of 16th Finance Commission in FY 2025-26.

MH-4076- Capital Outlay on Defence Services:

The provision under this head has been kept for Technology in National Security, Transfer to Health Security se National Security Cess Fund, Transfer to Technology in National Security Fund (TNSF). BE 2026-27 under this head is kept at ₹49600.00 crore.

MH-4216 – Capital Outlay on Housing:

Token provision has been made for construction of 90 residential units for IES Officers at Delhi for the F.Y. 2026-27.

MH-5465 – Investments in General Financial & Trading Institutions:

The provision under this head of account is made towards Investment in General Financial & Trading Institutions. During 2024-25, provision of ₹3000.00 crore was kept under this head [₹1499.99 crore for investment in National Investment and Infrastructure Fund (NIIF), ₹1000.00 crore for Special Window for Affordable and Middle-Income Housing (SWAMIH), ₹500.00 crore for Capital Infusion into NIIF Infrastructure Debt Financing Platform and a token provision of ₹0.01 crore was kept for investment in National Investment and Infrastructure Fund Limited (NIIFL). Further, the increase in BE 2025-26 over BE 2024-25 is mainly due to more requirements of funds towards National Investment and Infrastructure Fund (NIIF) and Special Window for Affordable and Middle-Income Housing (SWAMIH). Further, it is stated that the SWAMIH Fund-I would have fully committed its investible corpus by December, 2025 which led to main reason for decrease in BE 2026-27 over BE 2025-26.

MH-5466 – Investment in International Financial Institutions:

The provision under this head is for subscription to International Bank for Reconstruction and Development (IBRD) towards General Capital Increase (GCI) and Selective Capital Increase (SCI), Asian Development Bank (ADB), African Development Bank, Subscription to African Development Bank and Asian Development Bank (ADB), Subscription to International Monetary Fund as well as for India's Maintenance of Value (MoV) obligation towards value adjustment of Indian Rupee against SDRs, receivable by IMF, International Finance Corporation (IFC) and Subscription to Brazil, Russia, India, China and South Africa (BRICS) New Development Bank (NDB). BE 2024-25 was kept at ₹1406.51 crore. The increase in BE 2024-25 over BE 2023-24 was mainly due to more requirement of funds towards GCI due to exchange rate variation. The steep increase in BE 2025-26 over BE 2024-25 was mainly due to requirement of ₹60200 crore which will be paid in FY 2025-26 to International Monetary Fund. The one-time payment of ₹60200 crore for 16th GRQ of IMF could not be made in FY 2025-26. Therefore, the amount of ₹68230.00 (with exchange rate variation) for 16th GRQ of IMF has been provisioned which led to increase in BE 2026-27 over BE 2025-26.

MH-5475 – Capital Outlay on Other General Economic Services:

The Budget Estimates for 2023-24 is kept at ₹0.01 crore. BE 2024-25 was kept at ₹62602.88 crore under this head which was higher compare to BE 2023-24 due to increase in demand in Assistance for Infrastructure Development-Viability Gap Funding and New Scheme announced in the Budget Speech. The decrease in BE 2025-26 over BE 2024-25 was due to less requirement of funds towards VGF scheme and New Scheme announced in the Budget Speech. Further, the steep decrease in BE 2026-27 over BE 2025-26 is due to less requirement of funds towards New Scheme.

MH-6416 – Loans to Agricultural Financial Institutions:

BE 2024-25 is kept at ₹58.10 crore towards Concessional Partner Loan (CPL) under this head. The increase in BE 2024-25 over BE 2023-24 is due to exchange rate variations. Further, the payment schedule towards Concessional Partner Loan (CPL) was completed in FY 2024-25. Hence, no provisioning of funds has been made for FY 2026-27 under this head.

MH-7465 – Loans to General Financial and Trading Institutions:

Provision of ₹35.95 crore is made for Loans to General Financial and Trading Institutions for the F.Y.2024-25 (₹33.00 crore for repayment of Loan No.1871-IND Private Sector Infrastructure Facility II-IL&FS to Asian Development Bank, ₹2.95 crore for repayment of Loan-Private Sector Infrastructure Facility II- IL&FS to KfW). There was increase in BE 2024-25 over BE 2023-24 due to transition of ADB accounting basis from LIBOR to SOFR and due to variation in exchange rate. The decrease in BE 2025-26 over BE 2024-25 was due to variation in exchange rate. Further, the decrease in BE 2026-27 over BE 2025-26 is due to decrease in principal amounts and the corresponding interest rates towards repayment of Loan No.1871-IND Private Sector Infrastructure Facility II-IL&FS to Asian Development Bank.

MH-7475 – Loans for Other General Economic Services:

The provision under this head is kept for loans towards International Monetary Fund (IMF) under New Arrangements to Borrow (NAB). The Budget Estimates for the F.Y. 2026-27 has been kept at ₹0.01 crore.

MH-7610 – Loans to Government Servants etc.:

Provision of ₹225.00 crore is kept for loans to Government Servants, etc. during 2025-26. There is no change in BE 2026-27 as compared to BE 2025-26 under this head.

4.2 Statement showing increase/decrease (Major Head wise) over the last three years:-

(₹ in crore)

Major Head	Budget Estimates (BE)	Actual expenditure	Budget Estimates (BE)	Actual expenditure	Budget Estimates (BE)	Actual expenditure
	2023-24	2023-24	2024-25	2024-25	2025-26	(Up to 31.12.2025)
Revenue Section						
2052	232.77	241.09	222.66	194.41	210.06	141.27
2047	10.10	6.27	7.29	5.12	6.93	3.06
2070	27.68	15.70	52.22	43.45	45.25	27.95
2075	1000.04	0.03	0.04	10000.11	0.05	0.04
2235	0.03	0.04	0.03	0.04	0.03	0.04
2250	0.00	5000.00	0.00	750.00	0.01	0.00
2416	139.20	124.32	139.20	78.44	139.20	0.00
3465	2.00	61.02	51.05	51.10	51.12	1.08
3466	745.76	897.18	841.57	836.86	926.04	1020.61
3475	3359.16	4213.89	9447.13	29566.63	1472.27	1173.85
3605	1392.35	2447.32	3954.34	2397.36	136.79	39.04
Total	6909.09	13006.86	14715.53	43923.52	2987.75	2406.94
Capital Section						
4046	2518.00	2234.74	2568.00	8190.71	3120.85	488.10
4047	0.05	0.00	0.04	0.02	0.04	0.02
4070	15.26	12.93	18.78	17.23	15.42	4.55
4216	0.01	0.00	0.01	0.00	0.01	0.00
5465	3998.00	4735.23	3000.00	2137.79	4500.00	1479.63
5466	1384.11	7309.78	1406.51	403.59	61291.71	23.63
5475	0.01	0.00	62602.88	6.26	41700.01	0.00
6416	56.03	55.47	58.10	56.86	0.00	0.00

7465	30.97	34.46	35.95	30.46	31.45	14.87
7475	0.01	0.00	0.01	0.00	0.01	0.00
7610	225.00	178.13	225.00	179.56	225.00	92.15
Total	8227.45	14560.74	69915.28	11022.48	110884.50	2102.95
Grand Total	15136.54	27567.60	84630.81	54946.00	113872.25	4509.89

4.3 The DEA has furnished the following written note indicating the extent to which various items of the Demands for Grants for 2026-27 stand modified in the light of the recommendations of the Committee's Report on Demands for Grants (2025-26):-

"....it is stated that this F.Y. (2026-27) more efforts have been made to make the realistic estimation of requirement so that the funds allocated are utilized to the maximum extent. The Department also tried to ensure that Budget allocations are based on Realistic and detailed planning, considering past expenditure trends, latest economic developments and emerging trends to reduce the budgetary unpredictability as far as possible".

4.4 The Department of Economic Affairs (DEA) faces a paradoxical budget where a total allocation of Rs. 1,31,327.37 crore—which is 62% higher than its original request—masks a critical internal deficit. While the capital section received a massive Rs. 51,098.57 crore surplus, the revenue section suffered a Rs. 685.11 crore shortfall, leaving essential operational costs like salaries and administration underfunded. Since capital funds typically cannot be re-appropriated to cover revenue gaps, when the Committee asked about the fiscal justification for this lopsided allocation, and how will the DEA sustain day-to-day operations without compromising its core duties and how does the Ministry justify such a significant surplus when the Department simultaneously cites expenditure curtailment as the reason for failing to meet other vital demands, Secretary, DEA during the sitting stated that:

"...on the question about the steep increase in the DEA budget, this was one of the questions that we had got otherwise also last year, for the last two years, sir, we have been making provisions for the IMF quota review, based on which we have to make the payment also. We could not spend last year, and therefore again we have made an allocation, which is enhanced because of currency situation. So, the way it works is that for the quota to become effective, members having 85 per cent of the total quotas have to give written consent, and then the management indicates to all the people, so we have to give our written consent first, which all the members give. When it reaches 85 per cent of the total, then an indication is given by the management, then we can make the

payment. So, we have to keep the allocation, but we cannot make the payment until that is reached. I am told that by now 76.37 per cent of the total quota members have consented. So, we will have to wait for that, and therefore that big amount we have to keep.

The other related question to this was regarding the defence expenditure, which is there. So, this is proposed to be a technology component. There is proposed to be a technology in national security fund, because we have seen with recent developments that technology inputs and technology advancements in defence is very important, and specific projects in technology will need to be funded. The way we are expecting to keep the focus on technology in Defence is through this fund, for which, Defence will be authorised to operate the item. So, Defence will make the expenditures, we will have to give the authorisation to them based on specific projects in technology sector. Two components are envisaged, one through the cess, which is about Rs. 9800 crore, and the other through general revenues of about Rs. 30,000 crore, which explains the large DEA budget of this year.

The other question, that was asked was about the CAPEX expenditure, while the amount has been enhanced. So, we are happy to report that both on the physical achievements, that is the actual quantity of expenditure, and the expenditure, we have had good results. For the last three years, the expenditure has been anywhere between 95 per cent to 98 per cent, and we have some information, not complete information, about the two big sectors, like roads and railways, how much has been achieved. I will just read out a few, and then, if you permit, we will send it. For example, from 2023-24, there was a target of new construction of new lines in kilometres and railways, it was 600 kilometers. They achieved in that year 2,806 kilometers. Similarly, track renewals, the target in last year was 5,500 kilometers, they have achieved 5,900 kilometers. Like that, the number of kilometres made of roads also, so they monitor it themselves, and we also keep on interacting with the departments to enhance, to ensure that not only financial targets are met, but physical targets are also met.

Other than that, Sir, there was a concern expressed about the revised GDP estimates, which have been released, and the impact on the fiscal deficit as well as the debt-to-GDP ratios. In that, our initial estimates, after it was released on Friday, suggest that the impact on the debt-to-GDP would be about 2 percentage points, and on the fiscal deficit side, between 0.1 to 0.2 percentage points will happen. However, this is not reflective, this is only because of the impact of the revised denominator, which is the GDP impact. This is not reflective of the fiscal stance of the Government, which remains committed to declining and glide path, both on debt-to-GDP as well as fiscal deficit. One point I would like to draw attention to, Sir, is the observation that there was an observation made in the economic survey that the potential growth rate of the economy is now at least 7 percent, and which came out in the revised estimates also. So, the real GDP of around 7 percent and nominal growth rate of 10 to 11 percent will help, which is also corroborated by the new series in consolidating the debt ratio, as well as the glide path announced in July 2024...

... there was a question about IFSCA, the GIFT city. Again, I have some data here which I can read out, but the rest I would like to send details that actually IFSCA, the business is growing quite a lot. The number of banks, for example, now as of December 2025, foreign and domestic banks, the numbers have grown, and it is a healthy mix. There are 35 banks, 18 foreign banks, 17 domestic banks. The total banking asset size was about 14 billion in September 2020. That has got increased to 106.3 billion. Similarly, the funds industry has grown. The total number of fund management entities has grown from 44 to 202, and the commitment raised by these funds has also got enhanced. So, IFSCA is gradually growing as well. They have notified a large number of regulations, which is required for this whole financial sector to get attracted to IFSCA, to set up office as well as do business from there. We will send a detailed report of how the progress is going on and what is the plan for the future.

Other than that, there was a question about low off-take of PPP projects. One of the members had asked what we are thinking of doing. So, I just wanted to connect the dots, Sir, that this announcement in the budget this year of the Infrastructure Risk Guarantee Fund is precisely to help. One of the points raised by the honourable member was about banks not coming forward to fund PPP projects. So, this fund, which has been announced by the honourable FM, is created essentially to provide calibrated partial credit guarantees to cover the risks in the initial phase of the infrastructure projects, many of whom on which the developer does not have control, time required in certain approvals, etc. And based on that, even the bankers are reluctant. So, with this operationalisation of this risk fund, hopefully that kind of risk will get covered and both sides will be more amenable to taking forward more PPP projects in the infrastructure segment.

There was also a question on health costs, etc. This biopharma mission, which is announced, which will try to enhance manufacturing in biopharma and biologics, which is the similar type of biopharma, this is basically to actually give not only a manufacturing boost but to provide low-cost medicines to our people, particularly for lifestyle diseases. It is in the biopharma sector, which is expected I think in the next couple of years, that 40 per cent of the medicines we will need will have to come from here. In the next five to seven years, a lot of these global medicines are going off patent. So, we have announced this in the Budget this year so that we can take advantage of this five to seven years where the patent will stop and our companies can start developing. It is a very long, leveraged and expensive process, that is why, the Government has come up with this mission so that we can eventually lead to cheaper medicines for our people as well as become a manufacturing hub.

There was one more question on climate risk guarantee and how to protect the farmers, on that the limited point that I would like to make just now is the Pradhan Mantri Fasal Bima Yojana, which covers many types of risks including weather-related risks and the other such instruments in the market, we will just get the data and would like to provide that..."

4.5 Further, the Department has submitted the following post-evidence replies:-

“In this regard, it is stated that department demanded Rs.80913.91 crores (Revenue Rs.5715.00 crores and Capital Rs.75198.91 crores) but MoF allocated Rs.131327.37 crores (Revenue Rs.5029.89 crores plus capital Rs.126297.48 crores) resulting in surplus of around Rs.50000 crores. But this increase doesn't conceal a severe internal deficit in revenue section as Department demanded Rs.5715.00 crores, in revenue section and MoF allocated Rs.5029.89 crores in revenue section. There is only small shortfall in revenue section due to less funds allocated to IDEAS scheme than projected due to not knowing the exact figures for this scheme at the time of Pre- Budget meetings as appraisal for continuation of this scheme for next Finance Commission cycle was pending from Cabinet. This shortfall in Revenue Section will be taken care of at the time of RE 2026-27.

Further in capital section department demanded Rs.75198.91 crores But MoF allocated Rs.126297.48 crores, which lead to a final allocation that is 62% higher than Department's assessed requirement. This increase in final requirement is due to following new schemes/projects under Capital Section announced in Budget 2026-27:

1. Allocation of Rs.39800 crores towards Technology in National Security for development of technology for the overall national security architecture.
2. Allocation of Rs.9800 crores for transfer to Health Security se National Security Cess Fund.
3. Allocation of Rs.500 crores towards investment in SME growth fund for Small and Medium Enterprises to create future champions, incentivizing the growth of enterprises.”

4.6 When further asked about the rationale behind key allocations and the reasons for any major deviations from the past targets, the structural bottlenecks faced by the Department in the full utilization of allocated funds, as well as those preventing States from fully utilizing their capital assistance funds, the following written submission has been made by the Department:-

“Department of Economic Affairs

The allocation under various schemes/Ministries is based on regular needs and expenditure plan of Ministries/Departments. Generally, the expenditure follows past expenditure trends. However, if there is any new scheme or if an existing scheme is discontinued or restructured the expenditure may deviate from past trends. Department/Ministries in general endeavour to utilise full allocation, however, the utilisation sometimes depends on pace of scheme implementation by the States and other Implementing Agencies. In these instances, the

availability of State's matching contribution also plays a crucial role in utilising allocated financial resources.

In respect of Department of Economic Affairs demands specifically two line items, namely 'New Schemes' and 'Investment in Financial Institutions' are dependant on reasons beyond the control of the Department. While the former depends on the formulation and implementation of the schemes announced in the Budget by the respective Ministries/Departments, while the latter is dependent on the decision of the Managing Boards of International Financial Institutions.

Department of Expenditure

The Department of Expenditure (DoE) is implementing the scheme for Special Assistance to States for Capital Investment (SASCI). The utilization of funds allocated under the scheme was 99.65% in 2024-25 and 84.27% in 2023-24. In 2025-26, out of an allocation of Rs 1,50,000 crore, an amount of Rs. 141027 crore (94%) has been utilized till 05.03.2026. Although the utilization of funds under SASCI is substantial, some of the reasons for non-utilization of the remaining amount by the States are as under:–

- i. Working season in some of the States is limited due to heavy rainfall/snowfall
- ii. Some of the projects undertaken like Unity Mall, Working Women Hostels and Development of Iconic Tourist centres are long gestation projects spread over more than one year.
- iii. In some cases, the award of works took time due to multiple bidding rounds.

In addition, the DoE also releases grants recommended by the Central Finance Commission to the State governments. Release of some of the grants is contingent upon meeting the laid down conditions and reforms criteria by the State governments and recommendations for release of grants by the nodal ministries. So, a part of such grants remain unutilized due to non compliance with the conditions by the State government and consequent non-receipt of recommendations from the nodal ministries.

Department of Public Enterprises

The total budget allocation to the Department of Public Enterprises in the Budget Estimates (BE) for 2025-26 & for 2026-27 is Rs. 29.17 crore and Rs. 29.60 crore.

Allocation for non-scheme: -Out of the total allocation, non-scheme allocation is Rs. 22.68 crore and Rs. 22.85 crore for 2025-26 and 2026-27 respectively.

The non scheme allocation is meant for expenses related to day to day running of secretariat e.g. pay and allowances, TA/DA, medical treatment, office expenses, information technology, Swachhta Action Plan etc. There have not been any major deviations under non-scheme allocation.

Allocation for scheme: - The allocation under the Research, Development, Consultancy and Reorientation (RDCR) Scheme is intended to support studies, consultancy, training and capacity-building activities aimed at improving the performance and governance of Central Public Sector Enterprises (CPSEs). The allocation of Rs. 6.75 crore for FY 2026–27 forms part of the approved outlay of Rs. 50 crores for the period FY 2026–27 to FY 2030–31.

Any variation from earlier targets is primarily attributable to the strategic merger of the earlier RDC and CRR schemes into the integrated RDCR framework. The merger was notified in July 2024 and became effective from October 2024, which was not fully synchronized with the Revised Estimates (RE) cycle. Further, approval of the Department of Expenditure was accorded only in March 2025. The transition also coincided with the closing phase of the 15th Finance Commission period and the evaluation process for continuation under the 16th Finance Commission framework, which affected the timing of operationalization.

The Department has since streamlined approval processes, ensured advance planning of activities and strengthened monitoring to facilitate timely utilization of funds. Variations in utilization may arise due to procedural requirements and approval processes, which are addressed through periodic review and coordination.

Department of Investment and Public Asset Management.

DIPAM is responsible for Managing the Central Government's equity investments, including the disinvestment of CPSEs through Minority and Strategic disinvestment. No Central Assistance is provided by the DIPAM to the States/UTs. For executing mandated activity DIPAM is allocated funds under different heads like in Professional Services for engaging the Bank Merchant, Legal Advisor and other professional etc. Due to several administrative, policy and market-related factors, many disinvestment proposals take longer time than expected because of complex procedures such as valuation, bidding, and regulatory approvals. When the transactions are delayed, the allocated funds remain unutilised within the financial year".

Vacancies and residential accommodation in Securities Appellate Tribunal

4.7 When the Committee asked about the vacancies in Securities Appellate Tribunal, Mumbai providing and providing dedicated housing to judicial members, which is essential for attracting them to Mumbai, as the exorbitant cost of living and lack of government quarters currently hinder the recruitment of qualified personnel from outside the city, the Department has stated the following in their written replies:-

“The Securities Appellate Tribunal (SAT) is a statutory body established under the provisions of Section 15(K) of the Securities and Exchange Board of India Act, 1992 to hear and dispose of appeals against orders passed by the Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA).

Vide Notification dated 16.05.2019 (F. No. 3/9/2017-RE) issued under Section 15L of the SEBI Act, 1992, SAT shall consist of a Presiding Officer, one Judicial Member and two Technical Members to exercise the powers and discharge the functions conferred on it under the Securities and Exchange Board of India Act, 1992 or any other law for the time being in force, and the Presiding Officer of Securities Appellate Tribunal may constitute the Benches and may also function as the Judicial Member.

At present, the posts of the Presiding Officer and the two Technical Members of the Tribunal are filled up.

Residential accommodation for Presiding Officer / Members in SAT

- 1) The residential accommodation entitlement of the Presiding Officer and Members of Securities Appellate Tribunal (SAT) is governed by the provisions contained Tribunal (Conditions of Service) Rules, 2021.
- 2) As per Rule 11 (Allowances) of the said Rules:
 - (i) The Chairperson and Members are entitled to draw such allowances and benefits as are admissible to a Government of India officer holding a Group ‘A’ post carrying the same pay; and
 - (ii) Notwithstanding the above, with effect from 01.01.2021, the Chairperson and Members have the option either to avail accommodation provided by the Central Government as per the rules in force, or to claim reimbursement of house rent subject to a ceiling of ₹1.50 lakh per month in the case of the Chairperson and ₹1.25 lakh per month in the case of Members.
- 3) Further, under Rule 10 (Salary) of the Tribunal (Conditions of Service) Rules, 2021:
 - (i) The Chairperson (other than certain specified tribunals) is entitled to a fixed salary of ₹2,50,000 per month, equivalent to that of the Cabinet Secretary to the Government of India.

- (ii) A Member is entitled to a salary of ₹2,25,000 per month, equivalent to that of a Secretary to the Government of India.
 - (iii) In cases where the appointee is in receipt of pension, the pay is reduced by the gross amount of pension drawn.
- 4) In view of the above parity in pay and status:
- (i) The Chairperson of SAT, being in the pay equivalent to that of Cabinet Secretary and generally appointed from amongst persons who are or have been Judges of the Supreme Court or Chief Justices of High Courts, is entitled to residential accommodation commensurate with such status under the applicable Government accommodation rules.
 - (ii) The Members of SAT, drawing pay equivalent to that of Secretary to the Government of India, are similarly entitled to residential accommodation as admissible to officers of equivalent rank, subject to availability and the applicable allotment rules.
- 5) It is pertinent to mention here that Type VIII Government accommodation is not available in Mumbai. Given the stature of the Presiding Officer, SAT and non-availability of Government accommodation commensurate with his status in Mumbai, DEA, with the approval of competent authority and as a special case, have provided rent-free accommodation to the Presiding Officer, SAT in Cuffe Parade, Mumbai.
- 6) As regards Technical Members in SAT, SAT has confirmed that both the incumbents have occupied Type VI Government accommodation in Mumbai, since Type VIII Government accommodation is not available in Mumbai, as stated above.
- 7) Further, the Presiding Officer and the Members of SAT have also the option of house rent reimbursement within the prescribed ceiling under Rule 11 of Tribunal (Conditions of Service) Rules, 2021 or hiring of suitable accommodation with the approval of the competent authority, in accordance with extant rules”.

Development of Infrastructure and support to MSMEs

4.8 Regarding the objectives and purpose of setting up of (a) SME Growth Fund and; (b) Infrastructure Risk Guarantee Fund Scheme provisioned for in Budget 2026-27, the Department has stated the followings:-

“(a) SME Growth Fund: Government endeavour has been to provide support to MSMEs to bolster their growth and generate employment. In a series of measures taken by the Government to support MSMEs and recognising MSMEs a vital engine of growth, the Government has introduced a dedicated ₹ 10,000 crore SME Growth Fund, to create future champions, incentivizing enterprises based on selection criteria.

Micro, Small & Medium Enterprises (MSMEs) are of great importance in India's economic development, serving as engines of growth and drivers of socio-economic progress.

The SME Growth Fund is a major initiative announced in India's Union Budget 2026-27 on February 1, 2026, and is part of a three-pronged strategy aimed at helping Micro, Small, and Medium Enterprises (MSMEs).

The proposed ₹10,000 crore SME Growth Fund aims to provide equity support to primarily small and medium enterprises based on defined eligibility criteria and help create future champions across sectors. Design and other relevant parameters of the proposed fund are under deliberation presently.

(b) Infrastructure Risk Guarantee Fund: The fund has been created to provide calibrated partial credit guarantees to lenders and enable greater financing for infrastructure projects. This will help reduce the risks and boost private sector confidence. It will unlock investments into long-gestation infrastructure projects. This initiative will lower capital costs, making public services more affordable.

The Infrastructure Risk Guarantee Fund (IRGF) is envisaged as a specialised facility to provide partial guarantees to lenders against defined development-stage risks up to COD/commissioning, thereby improving the bankability of greenfield infrastructure projects. Its purpose is to de-risk the transition from award to COD by covering select pre-COD uncertainties (such as land/RoW handover and statutory clearances), while explicitly excluding post-COD operating, performance, and demand/offtake risks. By sharing early-stage risk while retaining residual exposure with lenders, IRGF aims to crowd in commercial/private finance and support timely financial closure”.

4.9 The Committee desired to know the why the Government, despite prioritizing infrastructure through instruments like the NIIF and the newly proposed Infrastructure Risk Guarantee Fund, has substantially reduced allocations for new-age infrastructure under Viability Gap Funding (VGF). Noting that the SME Growth Fund, has been allocated of only ₹500 crore against of ₹10,000 crore, the Committee asked whether this signifies a 20-year rollout and what explains the gap between announcement and funding. Furthermore, the Committee sought clarification for not shifting the focus more decisively toward frontier sectors like AI, data centers, GPUs, and semiconductors, and how the technology gap can be bridged without more robust budgetary backing. In this regard, the Department of Economic Affairs has submitted the following reply:-

“The SME Growth Fund amounting Rs 10,000cr. was announced in the recent budget. In this regard, a comprehensive Post Budget webinar was held on 03.03.2026 along with all the stakeholders i.e. regulators, Industry bodies, existing MSMEs as well as banks and fund managers etc and the work is underway for finalizing the structure and other relevant processes required to

operationalise the SME Fund. The Process is underway to seek all required approvals. Thereafter, the final Budget allocation shall be made only post that.

As per Cabinet mandate, NIIF has to focus on core infrastructure as well as other sectors of national importance. All these investments are to be made on commercially viable basis and GOI has committed to contribute 49% of the Investment Manager as well as each fund that is set up under NIIF. NIIF invests via funds all of which have a defined life (10-15 years as the case may be) over which investments are committed and then exited.

NIIF has an Infrastructure focused fund with corpus of Rs 15,998 crores which invests across sectors such as ports and logistics, airports, smart mergers, data centres and renewable among others. Fund is now 100% committed across investments.

NIIF is now working towards coming up with its successor infrastructure fund now with a target corpus of close to Rs. 30,000 crores.

NIIF pursues a diversified approach via its different funds that it manages.

Under its funds of fund platform NIIF has a private markets fund with corpus of Rs. 4,281 crores. It invests across sectors of the economy including startups, affordable housing, e-mobility etc via 9 Daughter funds and 80 investee companies. Fund is also 100% committed across investments.

With dedicated focus on climate and sustainability NIIF also manages the India Japan Fund which has target corpus of Rs. 4,908 crores. It is noteworthy that 51% of this corpus is equity contribution from Govt of Japan via Japan Bank for International Cooperation.

Close to Rs 12,500 crore of NIIFs current AUM has been raised from global marquee investors including Sovereign Wealth Funds, Pension funds and strategic bilateral partners.

Given its funds and focus areas it is submitted that NIIFs focus is not just infrastructure but across sectors of national importance for which it is able to convince global and institutional investors to contribute and commit investments along with GOI.

The VGF Scheme, launched in 2006, provides targeted financial support to enhance the viability of PPP infrastructure projects. It was revamped in 2020 to enable higher Capex support and also Opex support for eligible social sector PPP projects. The Scheme provides grant-based support to PPP infrastructure projects that are economically desirable but may be commercially unviable, with the objective of bridging the viability gap and thereby facilitating private participation. As an enabling instrument, the Scheme is demand-driven: proposals are conceived and submitted by Project Sponsoring Authorities and are considered for VGF support subject to appraisal by the Empowered Committee and compliance with the Scheme conditions. The Scheme does not provide for sector-wise earmarking and eligible projects continue to be considered on their merits”.

4.10 Regarding the 'Technology in National Security' Scheme, drawing substantial allocations since RE 2025-26 followed by exponential increase in the FY 2026-27, the Department has elucidated the following:-

“The scheme aims to boost development and deployment of advance technology in the national security architecture including internal security and to provide supportive role in mitigation of internal and external threats. A dedicated “Technology in National Security Fund (TNSF)” has been proposed to take care of unhindered flow of funds for the purpose. In RE 2025-26, the fund has been proposed to be created with a corpus of ₹ 30,000 crore”.

4.11 The Committee desired to know the Government’s justification for the negligible allocation to the National Research Fund—noting that less than ₹100 crore has been utilized despite an initial announcement of a ₹1 lakh crore corpus. The Committee specifically questioned how this gap can be reconciled with the fact that technological capability now dictates geopolitical and economic strength, and whether current strategies are sufficient to prepare India for a next-generation global economy. The following written reply has been submitted by the Department of Economic Affairs:-

“The Union Cabinet approved the RDI Scheme on 01 July 2025 to incentivize private sector participation in R&D, with a total outlay of ₹1 lakh crore over six years, out of ₹20,000 crore allocated for FY 2025–26. Under the Scheme, the Technology Development Board (TDB) and the Biotechnology Industry Research Assistance Council (BIRAC) have been approved as Second Level Fund Managers (SLFMs) on a nomination basis, in accordance with the Cabinet approval. Funds under the Scheme will be disbursed to eligible beneficiaries through the approved Second-Level Fund Managers, including the Technology Development Board (TDB) and the Biotechnology Industry Research Assistance Council (BIRAC). TDB and BIRAC launched their first calls for project proposals under the RDI Scheme on 4 February 2026 and 13 February 2026, respectively, initiating the operational rollout of RDI Fund financing. Further, a call inviting applications from additional eligible entities to act as SLFMs was issued, which closed on 31 January 2026. Applications have been received, and the selection process is currently underway.

Regarding the allocation of funds to the Anusandhan National Research Foundation (ANRF), the inputs are provided below:

The Anusandhan National Research Foundation (ANRF) Bill, 2023 was passed by both Houses of Parliament and received the assent of the Hon’ble President on 12th August 2023. The ANRF Act was notified in the Gazette of India on 14th August 2023 and its provisions came into force with effect from 05th February 2024. Accordingly, Financial Year (FY) 2023–24 largely pertained to the

legislative finalisation and preparatory phase preceding operationalisation of ANRF. As the statutory provisions came into force only in February 2024, no programmatic approvals or financial sanctions were undertaken during that year. In FY 2024–25, the emphasis was on establishing the institutional, administrative and financial architecture necessary for a newly constituted statutory body. Key actions undertaken during this period include:

Delegation of functional and financial powers by the Governing Board to the Executive Council, including full financial powers to design and operationalise schemes under the mandate of ANRF.

Establishment of administrative, financial management, appraisal and monitoring frameworks.

Development of program guidelines, evaluation protocols and fund management systems.

The first meeting of the ANRF Governing Board was held in September 2024, wherein the Executive Council was authorised to develop and implement programmes aligned with the objectives of the ANRF Act, 2023. Given that FY 2024–25 was substantially devoted to institutional structuring, scheme design, and stakeholder consultations, no fund disbursement took place during that financial year.

The following flagship programs were conceptualised and announced during FY 2024–25:

Partnerships for Accelerated Innovation and Research (PAIR)

Mission for Advancement in High-Impact Areas (MAHA) – (Electric Vehicles)

PM Early Career Research Grant (PM-ECRG)

Inclusivity Research Grant (IRG)

Calls for proposals were announced and evaluations were completed during February 2025 – April 2025.

Status of Flagship ANRF Programmes initiated in FY 2024-25

S. No.	Program	Launched on	Evaluation Completion	Status of Fund Disbursement
1	MAHA (Electric Vehicle)	October 2024	March 2025	Financial assignments completed
2	PAIR	November 2024	April 2025	
3	PM Early Career Research Grant (first call)	October 2024	February 2025	
4	Inclusivity Research Grant (first call)	December 2024	February 2025	

In FY 2025–26, ANRF transitioned from institutional establishment to active program implementation. Subsequently, during FY 2025–26, the Executive Council has approved 12 new programs in identified strategic sectors, including emerging and high-impact technology domains. These programs are at various stages of implementation, including issuance of calls, and financial sanctioning.

Further, during FY 2025–26, more than 2,500 institutions were onboarded under the new TSA Hybrid financial model, with onboarding processes completed in May 2025. This has enabled streamlined fund flow mechanisms. As on date, financial assignments totalling ₹ 788.66 Cr have been completed under ANRF budget head alone.

The establishment of the ANRF is a strategic step aimed at significantly strengthening the nation's research and innovation ecosystem and catalysing investments across academia, industry and government. With the institutional framework of ANRF now in place, its operations are in full swing and programs being rolled out across strategic and high-impact sectors. These initiatives are designed to build national capabilities in critical technology domains and position the nation to compete effectively in the next-generation global economy”.

4.12 Regarding the lack of private interest in certain regional road projects and the broader challenges of the PPP model, the Committee asked as to how the Government plans to restore bank confidence and support Indian firms competing globally and plan to address structural shortcomings if any in GIFT city in this regard, the Department of Economic Affairs has submitted the following written reply:-

“The Department of Economic Affairs, Government of India has undertaken a range of measures to strengthen PPP outcomes across the project lifecycle, including improving project preparation and risk allocation to enhance bankability and investor confidence. Targeted financial support is being provided through the Viability Gap Funding (VGF) Scheme (launched in 2006 and revamped in 2020 to enable higher capex support and, where applicable, opex support for eligible social sector PPPs). The India Infrastructure Project Development Fund (IIPDF) Scheme (launched in 2022) enables Project Sponsoring Authorities to access funding for PPP transaction costs and thereby improve the quality of PPP projects developed through Central and State pipelines. To improve visibility and planning certainty for the prospective private investors and developers, a three-year PPP Project Pipeline has been created, covering Central Ministries and States/UTs. Steps are also being taken to strengthen the PPP knowledge ecosystem through initiatives aimed at capacity building, standardisation and institutional maturity. These include the National Infrastructure Enablement Index (NIE-I), which evaluates infrastructure readiness and the enabling ecosystem in States/UTs and Central Ministries, and serves as a nudge mechanism to support them in strengthening a robust, enabling environment for infrastructure development. Further, reference guides and sector toolkits are being developed and disseminated. Capacity building is also being scaled through the PPP Beginner's e-Course (2023) and structured handholding support.

Support for Internationalisation of Indian Firms and Role of GIFT IFSC

GIFT IFSC has been developed as India's international financial centre to enable Indian firms to access global financial markets and undertake international operations from within India. The International Financial Services Centres Authority (IFSCA) has introduced regulatory frameworks covering banking, fund management, finance companies, insurance, trade finance and payment services to support cross-border investments and global financial activities. In this regard details of initiatives aimed at supporting internationalisation of Indian firms from GIFT IFSC are produced below –

1. IFSCA permits establishment of investment holding companies and investment vehicles in IFSC to facilitate overseas investments, enabling Indian corporates to undertake global acquisitions, centralise treasury operations and manage international subsidiaries.
2. At present, 37 banks operate in IFSC as IBUs under the IFSCA (Banking) Regulations, 2020. These units provide foreign currency funding, participate in international loan syndications and support financing for overseas subsidiaries of Indian corporates.
3. The IFSCA (Fund Management) Regulations, 2025 enable establishment of Fund Management Entities and investment schemes in IFSC that can raise capital from global investors and undertake cross-border and outbound investments.
4. IFSCA has enabled insurers, reinsurers and intermediaries to establish IFSC insurance offices to underwrite international risks and access global reinsurance markets. 16 global reinsurers are currently registered in IFSC.
5. Under the IFSCA (Payment Service) Regulations, 2024, Payment Service Providers facilitate faster and more efficient cross-border payments, improving payment flows for exporters and corporates.
6. The IFSCA (Finance Company) Regulations, 2021 allow finance companies in IFSC to undertake lending, investments, factoring, leasing and treasury services using capital mobilised from global markets.
7. IBUs and finance companies provide export-import financing, guarantees and letters of credit. In addition, the International Trade Finance Services Platform (ITFS) connects exporters, importers and financiers through a digital platform for efficient trade financing.
8. IFSCA has introduced a framework for Global/Regional Corporate Treasury Centres in IFSC to undertake liquidity management, inter-company financing and investment management for multinational corporate groups.
9. IFSC has developed as a growing hub for aircraft and ship leasing, with 34 aircraft lessors and 29 ship lessors registered, leasing around 370 aviation assets and 34 ships, including to Indian companies.

Thus, the IFSC ecosystem provides a comprehensive regulatory and business platform through which Indian firms can raise capital internationally, undertake cross-border financial transactions and manage global financial operations, below are some of the important areas that may be noted:

a. Access to Global Capital Markets

Through the units in IFSC, Indian corporates can raise foreign currency funding, IFSC banking Units can arrange and underwrite foreign currency bonds and international loan syndications can be structured.

This enables companies to raise global capital within India's offshore regulatory jurisdiction instead of relying on offshore financial centres.

b. Risk Management and Treasury Services

IBUs and financial institutions in IFSC provide treasury solutions such as:

- foreign exchange derivatives
- interest rate hedging
- liquidity management.

These services help Indian companies manage financial risks associated with global borrowing and international operations.

c. Global Financing of Capital-Intensive Sectors

The IFSC ecosystem supports financing for high-value sectors such as aviation, shipping and infrastructure.

For example, banks operating in IFSC have participated in aircraft financing transactions for Indian carriers through global loan syndications.

d. Trade Finance Ecosystem

ITFS platforms support global trade finance by providing factoring, forfaiting, supply chain finance, bill discounting, export credit services.

As of December 2025, trade finance transactions through ITFS platforms increased to USD 87.37 million, up from USD 44.35 million in March 2025.

e. Sustainable Finance

IFSCA is promoting sustainable finance within IFSC. Banks and finance companies can undertake, green loans, sustainability-linked lending and ESG-aligned financing. IFSC Banking Units are required to allocate at least 5% of their loan assets toward sustainable lending. As per the IFSCA Bulletin (Q3 FY 2025-26), sustainable credit extended by IBUs reached approximately USD 2.76 billion.

Continuous strengthening of the IFSC ecosystem

GIFT IFSC is a relatively new international financial centre and its ecosystem continues to evolve. The Government and the International Financial Services Centres Authority (IFSCA) are continuously reviewing and strengthening the regulatory and market framework to enhance competitiveness and ease of doing business. In this regard, steps are being taken to further strengthen GIFT IFSC through regulatory rationalisation, expansion of financial products and services, development of ancillary services, and greater global participation by financial institutions and market participants. In particular, the following initiatives are underway:

1. Establishment of an International Dispute Resolution Centre (Budget Announcement – 2022-23): The Union Budget 2024-25 announced the establishment of an International Arbitration and Dispute Resolution Centre in GIFT IFSC to provide a specialised institutional framework for resolution of cross-border financial and commercial disputes arising from transactions undertaken in IFSC. The objective is to enhance legal certainty, strengthen investor confidence and align the IFSC ecosystem with leading global financial centres that provide dedicated dispute resolution infrastructure for international financial services.
2. Development of Aircraft and Ship Leasing Ecosystem (2021 onwards): The development of an aircraft and ship leasing ecosystem in GIFT IFSC is an ongoing initiative, as such activities are relatively new in India. The aircraft leasing framework was operationalised by IFSCA in 2021, while the ship leasing framework was notified in 2023. These measures aim to gradually onshore leasing activities currently undertaken from overseas jurisdictions and develop GIFT IFSC as a hub for aviation and maritime financing.
3. Pension Funds notified as a Financial Product (2025): In 2025, IFSCA notified pension funds as a financial product in IFSC, enabling pension fund managers and related intermediaries to operate from IFSC and manage global retirement savings and long-term funds. This development further expands the regulatory scope of IFSCA and contributes towards making it a comprehensive unified regulator covering banking, capital markets, insurance, fund management and pension-related activities within the IFSC.
4. Bullion Market Development – Good Delivery Guidelines (Proposed 2026): To further strengthen the bullion ecosystem in IFSC, IFSCA is in the process of introducing Good Delivery Guidelines for bullion, expected to be issued in 2026, which will prescribe standards relating to quality, purity, sourcing and vaulting of bullion traded through IFSC exchanges. These guidelines will enhance market integrity and support the development of GIFT IFSC as an international bullion trading hub.

These initiatives form part of the Government's broader strategy to progressively strengthen the IFSC ecosystem and position GIFT IFSC as a globally competitive international financial centre supporting cross-border financial activities.

The long-term objective is to position GIFT IFSC as a globally competitive financial centre that enables Indian enterprises to undertake international financial operations and manage overseas investments from within India, thereby strengthening India's integration with global financial markets".

Inclusive and Sustainable Growth

4.13 During oral evidence held on 2.3.2026, when the Committee asked how the nation will maintain its lead as a resilient global economy while ensuring that the 2026-27 budgetary allocations for infrastructure and social welfare translate into tangible improvements for citizens, the Secretary deposed the following before the Committee:-

“...One of the schemes that we implement is to extend financial support to PPPs in infrastructure or the viability gap funding scheme which was launched in 2006 and further revamped in 2020 with an outlay of Rs. 8,100 crore to enable higher CAPEX support and also OPEX support for eligible social sector PPP projects. The revamp has helped to catalyse PPPs in new social sectors and also extended to aspirational and underserved regions. Together with this, we have a smaller scheme called the India Infrastructure Project Development Fund which enables sponsoring authorities to access fund for development of PPP projects and cover other transaction costs. The National Investment and Infrastructure Fund, the NIIF, established in 2015 is Government of India's sovereign-linked platform for crowding in long-term global capital into core infrastructure and other sectors of national importance. NIIF has managed to mobilise good amount of capital from sovereign wealth pension funds and multilateral and currently manages an asset under management of Rs. 33,000 crore.

Moreover, it has demonstrated commercial credibility by delivering approximately 20 per cent realised returns on its exits to date. It is noteworthy that out of the Rs. 14,126 crore drawn down from the Government of India, NIIF has already returned Rs. 7,726 crore back to the Government. Additionally, there is another fund that is under the Direct Access Scheme (DAS) charge.

In 2019, the SWAMIH Fund was launched to address systemic stress in the residential real estate sector through last-mile financing of stalled affordable and mid-income housing projects. It has a corpus of Rs. 15,531 crore, of which the Government of India has committed Rs. 10,000 crore; the remaining amount is sourced from LIC and other public sector banks. As of December 2025, the fund has delivered approximately 61,000 homes to home buyers and is on track to deliver one lakh homes, benefitting around four lakh individuals over its fund life, which extends until 2030...”

4.14 The Committee desired to know why the 2026-27 Budget prioritizes capital-intensive gender clusters over the radical care economy reforms and social security integration required to address the 20-year drag on GDP and achieve SDG 5 targets. They expressed growing apprehension that the emphasis on high-tech AI skilling inadvertently overlooks the structural failure of secondary education, which has led to a "digital dropout" trend where vulnerable adolescents are lured into invisible, low-productivity gig work. Consequently, the Committee questioned how the proposed

social security schemes will bridge the two-decade gap between rising gig employment figures and the stagnant reality of low-wage, informal labour. In this regard, the Department has furnished the following post-evidence replies:-

“Care Economy: The Union Budget 2026–27 has announced a significant push to strengthen the care ecosystem by expanding geriatric and allied care services and introducing NSQF-aligned training programmes that combine core caregiving competencies with allied skills, including wellness support, yoga, and the operation of medical and assistive devices. The initiative aims to train 1.5 lakh caregivers in the coming year, thereby enhancing India’s healthcare and allied care support workforce. India’s skilling ecosystem - supported by institutions such as the National Council for Vocational Education and Training (NCVET), Sector Skill Councils (SSCs), Industrial Training Institutes (ITIs)/National Skill Training Institutes (NSTIs) and training partners under flagship schemes like Pradhan Mantri Kaushal Vikas Yojana (PMKVY), PM National Apprenticeship Promotion Scheme (PM-NAPS) and Jan Shikshan Sansthan (JSS) - is being strengthened to meet these evolving workforce requirements. Thousands of candidates have already been trained in caregiving-related roles such as Geriatric Caregiver, Home Health Aide and General Duty Assistant, creating the foundation for a structured care workforce. Further to strengthen childcare and formalise carework, in 2022, the erstwhile National Crèche Scheme was reorganised and renamed the Palna Scheme under the sub-scheme ‘Samarthya’ of ‘Mission Shakti’. The objective of the Palna scheme is to provide quality crèche facility in a safe and secure environment for children (from ages 6 months- 6 years), nutritional support, health and cognitive development of children, growth monitoring & immunisation. Crèche facilities under Palna are provided to all mothers, irrespective of their employment status. This will also enable more mothers, freed from unpaid child-care responsibilities, to take up gainful employment.

SDG-5 and social security for informal female workers: Sustainable Development Goal 5 is to achieve gender equality and empower all women and girls. The social security for informal women workers is already being structurally built into the Code on Social Security, 2020, through its pro-women provisions. The Code on Social Security, 2020, incorporates several pro-women provisions to support maternal health, childcare, and workplace flexibility. It provides 26 weeks of paid maternity leave (up to 8 weeks before delivery) for eligible women employees, with 12 weeks of leave for adoptive and commissioning mothers. The Code also allows work-from-home arrangements after maternity leave, where the nature of work permits. Certification for maternity-related conditions has been simplified by allowing medical proof from registered practitioners, ASHA workers, auxiliary nurses, or midwives. Women employees are entitled to a medical bonus if employers do not provide pre- and post-natal care, as well as two daily nursing breaks until the child reaches 15 months. Additionally, establishments with 50 or more employees must provide crèche facilities, allow multiple visits to the crèche during the workday, or alternatively provide a crèche allowance where such

facilities are unavailable. Further, the code on wages, 2019, promotes workplace equity through equal pay for equal work and prohibits discrimination on the grounds of gender in matters relating to recruitment, wages, or conditions of employment in respect of the same work or work of a similar nature done by employees.

Gig Economy issues: The Code on Social Security, 2020, formally recognises gig and platform workers and provides for social security schemes for them. The code provides legal recognition, portable social security benefits, a dedicated welfare fund, and a national registration framework to the gig workers. The enhanced provisions equip gig and platform workers with essential safeguards, empower them with portable rights, and transform informal work into a secure, recognised, and sustainable livelihood. Under the Code, aggregators are now required to contribute 1-2% of their annual turnover (capped at 5% of payments made or payable to gig/platform workers) to a Social Security Fund. The fund finances a range of welfare schemes for these workers, where earlier, these workers bore all risks themselves, with no obligation on aggregators to contribute to their welfare. The Code has provisions for multiple financing mechanisms, from the Government, CSR initiatives, etc. By establishing a dedicated Social Security Fund, portable benefits, and a national registration framework through e-Shram, the Code on Social Security, 2020, not only safeguards the workforce but also lays the foundation for a more inclusive, resilient, and future-ready gig economy.

Addressing AI Skilling: The National Education Policy 2020 (NEP) emphasises the integration of vocational education programs with mainstream education in all educational institutions, in a phased manner. The National Credit Framework (NCrF) has been developed as a comprehensive credit accumulation & transfer framework encompassing elementary, school, higher, and vocational education & training. NCrF integrates creditization of learning in various dimensions, i.e. academics, vocational skills and experiential learning, including relevant experience and proficiency/ professional levels acquired. Department of School Education and Literacy (DoSEL) provides financial support for implementing the Centrally Sponsored scheme of 'Samagra Shiksha'. Vocational Education is one of the components under the Samagra Shiksha scheme. Under the Vocational Education component of 'Samagra Shiksha', NSQF-aligned vocational courses are offered to the students from class 9th to 12th in the schools covered under the scheme. At the Secondary level (Classes IX and X), vocational modules are offered as an additional subject. At the Senior Secondary level (Class XI and XII), vocational courses are offered as compulsory (elective) subjects. Skill education in schools would equip young people with market-aligned skills, while reducing dropouts by linking education to economic opportunities.

Further, NEP acknowledges that AI, big data and machine learning will transform labour markets and drive innovation. To ensure that the youth can cope with these monumental shifts, the NEP emphasises the importance of learning about AI, computer science/data science, along with other subjects for multidisciplinary education. The Ministry of Education has integrated AI into school curricula

across India through CBSE and NCERT, starting with grades 9, under the National Education Policy (NEP) 2020 and the National Curriculum Framework (NCF) 2023. Currently, CBSE offers a 15-hour AI skill module from Class VI onwards and AI as an optional subject in Classes IX-XII. NCERT has incorporated AI content in Class XI Computer Science and Informatics Practices textbooks and used AI/ML to translate Grade 1-2 textbooks into 22 Indian languages.

The Government has launched several initiatives to build AI-ready skills across the education and training ecosystem. Under the SOAR (Skilling for AI Readiness) initiative of the Ministry of Skill Development and Entrepreneurship, AI awareness and foundational learning modules are being introduced for students in classes 6-12 and educators. PMKVY 4.0 includes short-term courses and Recognition of Prior Learning modules in emerging technologies such as AI. The SkillSaksham programme provides advanced AI training through National Skill Training Institutes under the Craftsmen Training Scheme. The FutureSkills PRIME platform offers large-scale digital upskilling through hundreds of courses and learning pathways in AI, cloud computing and data science. Under the IndiaAI Mission, the YUVA AI for All initiative provides a free foundational AI course for citizens to build basic AI literacy.

Further, to improve school infrastructure, the Union Budget 2025–26 announced that all secondary schools in the country will receive broadband internet connectivity under Bharat Net within the next three years. Atal Tinkering Labs (ATLs) play a transformative role in fostering innovation, creativity, and scientific thinking among school students. With the Union Budget 2025-26 announcing the establishment of 50,000 ATLs in Government schools over the next five years, India is poised to significantly expand hands-on STEM learning and nurture a generation of young innovators.

The Code on Social Security, 2020, represents a significant reform in India's labour welfare framework, aimed at ensuring comprehensive and inclusive social protection for all sections of the workforce. It consolidates nine existing social security laws into a single, streamlined framework that extends coverage to organised, unorganised, gig, and platform workers alike.

By bringing diverse labour laws under one umbrella, the Code seeks to simplify compliance, enhance efficiency, and expand access to benefits such as life and disability insurance, health and maternity care, provident fund, and gratuity. It also introduces digital systems and transparent facilitation mechanisms to strengthen implementation and support both employers and employees.

The Code further strengthens income security by extending EPFO and ESIC coverage nationwide, bringing more establishments and workers under social security benefits, and allowing a larger number of employees to access benefits such as retirement savings.

Importantly, for the first time in the country, social security benefits have been extended to unorganised, gig and platform workers under Sections 113 & 114 of

the Code on Social Security, 2020. The code also addressed the gap and includes a definition of an aggregator (digital intermediary).

Further, the Code introduces a standardised definition of “wages” across labour laws for social security purposes. As per the Code, the definition of “Wage” includes basic pay, dearness allowance, and retaining allowance, if any. If other pay-outs such as bonus, house rent allowance, conveyance allowance, overtime allowance, or commission exceed 50% of the total remuneration (or such percentage as notified by the Government), the excess amount will be added back to wages. This will increase the wage amount and, in turn, enhance the value of social security benefits such as gratuity, pension, and leave salary, which are linked to wages.”

4.15 When the committee asked whether the 2026 High-Tech Agriculture Mission could succeed without addressing the structural land fragmentation and credit hurdles persisting since 2006, they also sought clarity on how the Government intends to shield small farmers from the market volatility inherent in the mandated crop diversification, the Department of Economic Affairs has submitted the following written reply:-

“Indian agriculture has demonstrated resilience, registering steady growth with major growth coming from the allied sector. While food grain production has increased in recent years, higher-value allied sectors, such as livestock, fisheries, and horticulture, are assuming an increasingly important role in enhancing income opportunities and strengthening rural livelihoods. At the same time, certain challenges persist, including particularly fragmented landholdings, limited access to credit, and vulnerability of small and marginal farmers to market risks.

Land fragmentation, which continues to limit productivity and mechanisation, is being addressed through the promotion of collective institutional models such as Farmer Producer Organisations (FPOs), cooperatives, and Primary Agricultural Cooperative Societies (PACS). These institutions enable aggregation of produce, shared access to farm machinery through Custom Hiring Centres, and improved bargaining power in markets. Such collective arrangements allow smallholders to benefit from scale economies even when individual landholdings remain small.

Access to institutional credit is particularly important for enabling farmers to adopt improved seeds, irrigation technologies, mechanisation, and climate-resilient practices. The Government has introduced the Kisan Credit Card (KCC) to enable farmers to meet their short-term working capital requirements promptly and hassle free. This has helped enhance the working capital flow to agriculture and allied sectors. The KCC scheme, which had 7.72 crore operative accounts with outstanding balances of ₹10.20 lakh crore as of 31st March 2025, was further strengthened by the Modified Interest Subvention Scheme (MISS), which offered loans at a subsidised interest rate of 7 per cent with a 3 per cent prompt

repayment incentive. Between FY15 and FY26, a total of ₹ 1.77 lakh crore was disbursed as a subsidy under MISS.

To further support small and marginal farmers, banks must allocate 40 per cent of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher, to priority sectors, including agriculture. All the above measures have significantly reduced the reliance on non-institutional credit sources from 90 per cent in 1950 to around 25.0 per cent in FY22.

The Government has also put in place risk-mitigation mechanisms to protect farmers from weather and market uncertainties. The Pradhan Mantri Fasal Bima Yojana (PMFBY) provides comprehensive crop insurance coverage against natural calamities, pests, and diseases. In 2024-25, the scheme insured 4.19 crore farmers, a 32 per cent increase over 2022-23, covering 6.2 crore hectares, up 20 per cent from the previous year. Since its inception in 2016-17, PMFBY has processed 86 crore applications and disbursed over ₹1.90 lakh crore in claims.

In addition, the Government has approved the Digital Agriculture Mission in September 2024, which envisages the creation of a Digital Public Infrastructure (DPI) for agriculture, including AgriStack, the Krishi Decision Support System, a comprehensive soil fertility and profile map, and other IT initiatives of the Central and State Governments to enable a robust digital agriculture ecosystem. This is expected to catalyse reliable, farmer-centric digital innovations and ensure timely access to crop-related information for farmers.

For small and marginal farmers, AgriStack offers significant protection against the risks associated with market volatility. Financial institutions can instantly access authenticated land and crop details, enabling faster and more reliable credit appraisal, while accurate crop sown data improves insurance claim processing and safeguards farmers from climate driven shocks. Agricultural market value chain can be strengthened by trusted digital identity and plot level data, broader market access, reduced intermediation, and fairer price discovery. Integrated with PM KISAN support and advisory services under the Digital Agriculture Mission, AgriStack equips farmers with stronger safety nets and more informed decision-making tools.

These measures among others empower farmers especially small and marginal with improved access to services, markets, and formal financial instruments, thereby addressing longstanding structural constraints in a sustainable and systemic manner”.

4.16 The Viksit Bharat Gram G Act, 2026 expands the rural work guarantee to 125 days, aiming to shift from distress employment to asset creation. However, rural income diversification has lagged behind urban growth, and the Economic Survey 2025–26 notes that urban frictions discourage migration even when better wages are available. In

this context, to a specific query asked by the Committee whether the Viksit Bharat Gram G Act's expansion to 125 days signifies true rural resilience or merely reflects a failure to generate productive urban jobs. The Committee also sought strategies for the Government to bridge the gap between guaranteed distress employment and long-term productive work in the rural heartland. In response, the Department of Economic Affairs has submitted the following written replies:-

“The expansion of the wage employment guarantee to 125 days under the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Act is intended to strengthen rural livelihood security while simultaneously promoting durable asset creation and productive rural infrastructure.

The enhanced guarantee should not be viewed merely as distress employment; rather, it is designed to support the creation of productive assets such as water conservation structures, rural infrastructure and livelihood-related facilities, which contribute to long-term economic growth in rural areas. The Act also emphasises convergence with other rural development programmes and preparation of Viksit Gram Panchayat Plans, enabling integrated planning and investment at the local level.

Further, the programme promotes livelihood-related infrastructure, skill-linked assets and value-chain facilities such as rural markets, storage infrastructure and training centres, which help generate sustainable economic opportunities in rural areas.

Through these measures, the Government seeks to bridge the gap between guaranteed wage employment and productive employment by strengthening rural infrastructure, enabling diversification of rural livelihoods, and facilitating greater economic activity within the rural economy while complementing broader efforts for job creation across sectors”.

4.17 The Committee desired to know the future of the VB-GRAM G scheme, especially in light of reservations from certain States regarding their 40 percent funding share. Noting that the scheme is intended to make rural infrastructure a central element of India's development, the Committee sought to understand how the mission will remain viable if States are unable or unwilling to meet these new fiscal obligations. The Department of Economic Affairs has submitted written response as follows:-

“Rural employment programmes in India have historically been implemented under shared funding arrangements between the Central and State Governments. For instance: The National Rural Employment Programme (NREP) followed a 75:25 Centre-State funding pattern. The Rural Landless Employment Guarantee Programme (RLEGP) adopted a 50:50 sharing model.

The Jawahar Rozgar Yojana (JRY) operated with an 80:20 Centre-State ratio; and Other schemes such as the Sampoorna Grameen Rozgar Yojana (SGRY), Employment Assurance Scheme (EAS) and Jawahar Gram Samridhi Yojana (JGSY) were also implemented under shared funding frameworks, generally following a 75:25 Centre-State pattern.

In the VB-G RAM G Act, the adoption of a 60:40 funding pattern under the Centrally Sponsored Scheme (CSS) framework has been designed to ensure greater participation, ownership and accountability of States in the rural development process. The success of the programme depends significantly on active engagement of States and local institutions, as the approach envisages a bottom-up planning process beginning from the Viksit Gram Panchayat Plans and aggregating upward to district and State levels.

It may also be noted that most Centrally Sponsored Schemes in the rural and social sectors follow similar fund-sharing arrangements, including programmes such as Pradhan Mantri Awas Yojana-Gramin (PMAY-G), Pradhan Mantri Gram Sadak Yojana (PMGSY) and the National Health Mission (NHM), etc.

At the same time, recognising the financial and developmental challenges faced by certain regions, the Act provides a special funding pattern of 90:10 for North-Eastern and Himalayan States, including the Union Territory of Jammu & Kashmir, so as to ensure that economically weaker States are not subjected to undue financial burden.

Further, the Act incorporates enabling provisions under which State Governments may recommend special operational relaxations to the Central Government during natural disasters, pandemics or other extraordinary circumstances. In such situations, the Central Government may allow appropriate relaxations, including temporary expansion of permissible works, relaxation of documentation norms or enhanced employment provisioning, to respond effectively to the circumstances.

Accordingly, the financial and operational framework of the Scheme has been designed to be collaborative, flexible and responsive, ensuring both shared responsibility and effective implementation of rural infrastructure and livelihood interventions across States.”

4.18 As per Economic Survey 2025-26 the robust GST transaction momentum is being registered despite there being nominal GDP growth, essentially indicating towards the impact of GST Reforms 2.0. When the Committee asked as to whether any fiscal impact assessment of recent GST reforms has been undertaken, if so, the details thereof; and whether there is any proposal for slashing GST rates further on goods/services in higher GST tax slab to push the momentum further, the Department has furnished the following written replies:-

“Economic Survey 2025-26 stated that the GST revenue growth has broadly aligned with prevailing nominal GDP growth, influenced in part by lower inflation. As a result, while growth rates appear lower in percentage terms, collections in absolute terms have recorded multiple all-time highs during the current fiscal year. Gross GST revenues during April-December 2025 stood at ₹17.4 lakh crore, which is higher in absolute terms, but recorded YoY growth of 6.7 per cent, as compared to 9.1 per cent in the corresponding period last year.

The Survey also noted the recent trends in high-frequency indicators, including higher e-way bill generation (cumulative e-way bill volumes during April-December 2025 grew by 21 per cent YoY), improved Purchasing Managers' Index (PMI) readings for manufacturing and services, record festive season automobile sales, robust UPI transactions, and increased tractor sales, indicate a strengthening economic momentum during September-December 2025, following the implementation of GST reforms.

The impact of the rate reduction, while boosting consumption demand, is occurring alongside a deep disinflationary environment that suppresses nominal GDP growth even when real GDP remains buoyant. The average WPI inflation during April -Dec 2025 stood at 0.04 per cent. Disinflation reduces the price component of taxable value, thereby moderating the volume gains in GST collections.

DoR

GST rates and exemptions are prescribed based on the recommendations of the GST Council, which is a constitutional body comprising of representatives of the Centre and the States. Currently, there is no pending recommendation of the Council to reduce the GST rates.

At the moment, no formal study has been conducted on the impact of the GST rate reduction on the different sectors of the economy in the country. However, the reduction in tax burden on essential goods, services and emerging sectors is expected to lower the cost of living, improve affordability, and stimulate household consumption demand. Lowering of GST rates on basic consumer items and certain specified services is expected to enhance trade

competitiveness and support domestic industry. At the same time, a simplified two-rate structure is expected to reduce transaction costs, ease compliance burden, and encourage small businesses to enter the formal sector, thereby supporting greater formalisation, and widening the tax base. These measures collectively are likely to boost GDP growth by stimulating consumption, encouraging investment, and promoting job creation. Recent trends in high-frequency indicators such as higher e-way bill generation, improved Purchasing Managers' Index (PMI) readings for manufacturing and services, record festive-season automobile sales, robust UPI transactions, and increased tractor sales, indicate strengthening economic momentum in September-October 2025 following the GST reforms.

Through rate reductions across key sectors, the GST 2.0 reform is expected to provide a strong stimulus to domestic industry and investment. Lower GST on cement and construction materials is expected to reduce project costs and accelerate the construction of real estate and infrastructure. The GST reduction from 28% to 18% on small cars, two-wheelers and auto-parts is expected to boost demand and strengthen India's automotive manufacturing base. The GST exemption on specified life-saving drugs, individual health insurance, individual life insurance, including reinsurance and concessional 5% rate on medical devices is likely to improve healthcare access. Similarly, reduction of GST on man-made fibres and yarns, carpets, intermediate leather products etc is expected to support labour-intensive MSMEs and expand export potential, thereby collectively reinforcing India's growth and investment momentum under the reformed GST regime."

Macro Economic Issues

The 'Triple Whammy' and Energy Security

4.19 During oral evidence held on 2.3.2026, when the Committee asked how the government plans to mitigate the "triple whammy" of surging crude prices, market volatility, and maritime delays caused by the West Asian conflict, and strategy to protect domestic fuel prices, Chief Economic Adviser has narrated the following:-

"Regarding the more recent developments over the weekend in West Asia and the resultant impact we have seen this morning on oil prices, the Indian capital markets, currencies, interest rates, etc., we attempted to conduct some scenario analysis over the weekend. We tried to simulate the effect on the macroeconomy on various parameters for three different oil prices: 90 dollars, 110 dollars and 130 dollars per barrel. Of course, the ultimate impact will depend on how long these prices remain relevant. If the shock is short-lived and temporary, then even if it escalates to 130 dollar, it will not matter. So, by and large, the answers we get suggest that up to 90 dollar per barrel, the macroeconomic assumptions for 2026-2027 of achieving around 7 per cent to 7.4 per cent real GDP growth, inflation remaining at or around 2 per cent, a current account deficit between 1

per cent and 1.2 per cent, and a fiscal deficit being around 4.3 per cent to 4.4 per cent will be feasible. Therefore, up to 90 dollar, the macroeconomic impact is almost insignificant or not relevant. Even at 130 dollar per barrel, if the price of oil remains at that level for about two to three quarters, then the macroeconomic impact is fairly significant. CPI inflation will rise towards 5.5 per cent. Real GDP growth will decrease from 7.4 per cent to 6.4 per cent. The current account deficit will increase from 1.2 per cent, where we currently are, to around 3.2 per cent. The fiscal deficit may rise from 4.4 per cent to 5.6 per cent. These are the scenario analyses we have conducted. The impact will therefore remain a function of both the level and the persistence of that level over at least two quarters or more. We will continue to fine-tune this analysis and share the results as we obtain more data and as clarity emerges about the war's objectives and the impact it has on oil prices, the straits of harmless passage, not only for oil but also for Liquefied Natural Gas, LPG and other items that pass through the straits.

Of course, it will also have implications for remittances, etc., which is taken into account in the current account deficit. When oil reaches 130 dollar, for example, the fact that the current account deficit can reach 3.2 per cent also considers the possibility of further disturbances and impacts within the GCC countries based on Iran's current trend of attacking them as well. So, those factors are taken into account in our scenario analysis. We will continue to fine-tune them.

On the Rupee, the Economic Survey pointed out that notwithstanding the fundamentals, the Rupee has been impacted last year. It depreciated by about 7 per cent against the US dollar. This was primarily due to two or three factors. One major factor is the capital flows. The double tariff from the United States, both reciprocal and penal, in addition to what was happening in the stock market regarding high valuations and the lack of an AI or semiconductor play in Indian stocks in general, combined to induce uncertainty regarding FDI inflows, as investors were concerned about how to locate production in India and export to the United States with a 50 per cent tariff. That was the impact on the FDI side. On the FPI side, valuations and the absence of AI and semiconductor play were the principal factors. Now, if the AI bubble in developed markets, as it is currently beginning to deflate, the absence of an AI play could actually turn into India's advantage in the course of 2026-2027. From having the disadvantage of not being the first mover, we may end up achieving a second-mover advantage once the dust settles.

Furthermore, the two major trade agreements: one with the European Union and a framework agreement with the United States, along with the Supreme Court judgment, have removed the uncertainty surrounding the high tariffs that India currently faces. Despite the strong emphasis on manufacturing by China and the excess capacity they have, the reduction of tariffs and even the Supreme Court ruling, while China has benefited significantly more than other countries, India also stands among the top three beneficiaries of the Supreme Court judgment. Consequently, India's relative advantage compared to Indonesia and Vietnam amounts to two to three percentage points regarding the effective weighted average customs duty that Indian exports will face in the United States.

Thus, we anticipate that once the current geopolitical situation in the Persian Gulf stabilises, these long-term developments augur well for both India's exports and capital inflows, which will ease the pressure on the Indian Rupee in 2026-2027.

Regarding the care economy, hon. Chairperson, you raised the point about capital expenditure versus labour-sensitive sectors. The Budget has announced measures that address both the capital expenditure requirements and the provision for training requirements in the care economy, allied health workers in the tourism sector and in the creative economy. Through skilling and employment initiatives in these areas, we are trying to address the possibility in two ways: one, preparing the youth for an AI-dominated economy, and two, equipping them with skills in areas where AI will not be able to make a substantial impact. Both strategies must proceed in parallel, and that is the attempt that the Budget has made.

Regarding agriculture, the hon. Member's concerns are very well noted. One important requirement to boost agricultural productivity and output growth by at least 0.5 per cent per annum is crop diversification, which the Economic Survey has emphasised. Crop diversification and adjustments in the fertiliser mix can together boost soil productivity while reducing water stress and provide greater incomes for Indian farmers, simultaneously making crops more climate-resistant. If we can address these issues, then I believe we will not only generate greater GDP growth contributions from agriculture but also improve long-term productivity in the farm sector and farmers' incomes.

Concerning the hon. Member's comments about the entrepreneurial attitude of the bureaucracy, etc., quoting from Chapter 16, some measures announced in the Budget include the Infrastructure Risk Guarantee, the MSME Champions Fund, and the Rare Earth Corridor, Semiconductor Mission 2.0, along with various basic customs duty exemptions mentioned in Part B of the Budget speech – all are aimed at making manufacturing cost-effective and removing the upfront risks that the private sector would face by crowding in capital through taking on the higher-risk portions on the part of the Union Government. However, I agree with the hon. Member's concern that more needs to be done. The good news, as covered in the Economic Survey, is the enthusiasm among States to undertake deregulation, which we have outlined in Chapter 16 in Part 2. States have deregulated, simplified and consolidated various laws, rules and regulations in 23 areas across 28 states and eight Union Territories, achieving 87 per cent to 88 per cent completion of these deregulation exercises. I am pleased to inform the hon. Members that issues surrounding women's labour force participation are specifically addressed in these deregulation efforts because approximately 180 restrictions exist across Indian States that constrain women from working in what are bureaucratically deemed high-risk areas. These restrictions have become somewhat anachronistic in today's age, where women participate even in combat zones. If it is risky, it should be equally risky for both men and women. These distortions are being removed.

The last point I wish to address concerns the GDP revisions and their implications for our economic size in dollar terms and our global standing. The GDP revision results in a reduction of India's nominal GDP by approximately Rs. 12 lakh crore as of 2025-2026. We initially expected Rs. 357.1 lakh crore as of March 2026. The new revisions may leave us with Rs. 345.4 lakh crore. This, divided by the average exchange rate for 2025-2026, places us at 3.9 trillion dollar. We were at 3.9 trillion dollars last year by March 2025, but due to the revision and the Rupee exchange rate depreciation, we are still at 3.9 trillion dollar. Last year got revised downwards to 3.75 trillion dollar. Therefore, we will be a 3.9 trillion dollar economy as of March 2026.

Meanwhile, Japan's economy is estimated to be at 4.4 trillion dollar by the end of December 2025. Hence, we will have a gap of at least 500 billion dollar compared to Japan. Therefore, becoming the fourth largest economy in 2026-2027 is not going to be easy. We will still be the fifth largest economy in 2026-2027. However, in 2027-2028, we may have a chance to become the fourth largest, as much will depend on the Yen exchange rate as to how we are able to overtake Japan.

Being able to overtake Germany and to become the third largest economy, at the moment, given the current trends of India's real GDP growth, which we expect to be at least 7 per cent and possibly 10 to 11 per cent in nominal terms, if capital flows recover and India's macroeconomic stability is well recognised by investors, both direct and portfolio, it is plausible that by the end of the decade, we will be positioned to become the third largest economy in dollar terms..."

4.20 In this regard, the Department has submitted the following post-evidence replies:-

“Rising Oil Prices & measures for energy security: India imports around 87% of its crude oil requirement. Of this, about 46% transits through the Strait of Hormuz (SoH).

To enhance resilience to fluctuations in global crude oil prices, India has taken several steps to diversify and strengthen its energy security framework. Over the past decade, the country has significantly broadened its crude oil sourcing strategy, with the number of supplier countries increasing from about 27 to over 40, including the U.S., Africa, Russia, the Middle East and Latin America. Following the Russia–Ukraine conflict, India has been importing significant volumes of crude from Russia, around 37% of India’s total crude imports in Q1 FY25, which has now come down to 30% in Q3FY26. Indian refiners have the flexibility to further increase procurement from Russia, if required. This diversification has helped reduce concentration risks and improved the flexibility of India’s import basket.

In addition, the Government has strengthened the country’s strategic energy buffers through a Special Purpose Vehicle, the Indian Strategic

Petroleum Reserve Limited (ISPRL). Through ISPRL, Strategic Petroleum Reserve facilities with a total storage capacity of 5.33 million metric tonnes have been established at three locations: Vishakhapatnam (1.33 MMT), Mangaluru (1.5 MMT) and Padur (2.5 MMT).

In recent years, Indian PSUs have diversified LNG sourcing, importing Liquefied Natural Gas (LNG) from over 15 countries. Indian PSUs also have around 6.5 MMTPA of long-term LNG contracts with suppliers in the United States, the shipments for which do not transit through the Strait of Hormuz. In addition, LNG cargoes are procured through spot purchases from alternate sources, including Africa, the United States, Latin America and Australia, providing further flexibility in supply.

India imports around 60% of its LPG requirement, of which over 90% of imported LPG transits through the SoH. However, Indian PSUs have diversified supply sources and currently import LPG from over 15 countries and more source countries are being explored. For CY 2026, Indian PSUs have executed a structured LPG supply contract with suppliers in the United States for about 2.2 MMTPA, accounting for around 10% of India's LPG imports. Our targeted approach ensures that household cooking fuel remains protected and affordable. Efforts are taken to ensure that households will not face any supply shortfall of LPG.

Assessment on impact of rising crude oil prices on growth and inflation: According to the Monetary Policy Report (October 2025) of the Reserve Bank of India, if crude oil prices are higher by 10 per cent than the baseline, and assuming full pass-through to domestic product prices, inflation could turn out to be higher by 30 bps and growth may be lower by around 15 bps (pp. 13 of RBI's MP Report Oct 25). Given that inflation is currently near the lower bound of the target band (at 2.75% as of February 2026), the immediate inflationary impact of such a movement is assessed to be relatively moderate. Scenario-based assessments of the macroeconomic implications of higher oil prices indicate that sustained crude oil prices above USD 100 per barrel would be required before broader macroeconomic aggregates begin to reflect significant strain. Brent Crude Futures stand at ~\$86/barrel as of 10th March 2026.

Impact on fiscal metrics: India's recent fiscal track record shows that deficit targets have been met even during periods of elevated global uncertainty. Improved tax compliance, along with sustained growth momentum, provides confidence that the FY27 fiscal deficit target remains credible and achievable. In view of these measures, India remains reasonably well-positioned to manage volatility in global oil markets while maintaining macroeconomic stability.

Pass through of high oil prices. Prices of petrol and diesel in the country have been market-determined with effect from 26.06.2010 and 19.10.2014, respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) have taken appropriate decisions on the pricing of

petrol and diesel based on various factors, which include crude oil prices, international product prices, exchange rates, tax structures, inland freight, insurance, etc.

The prices of petroleum products in the country are linked to the prices of respective products in the international market. The average international prices of petrol (FOB) have increased from USD 47.7 per barrel in 2020-21 to USD 107 per barrel in 2022-23 and USD 85.5 per barrel in 2024-25. As of March 10, 2026, the average international price of petrol (FOB) stood at USD 107.4 per barrel. Similarly, the international prices of Diesel (FOB) have increased from USD 47.9 per barrel in 2020-21 to USD 128.1 per barrel in 2022-23 and USD 89.4 per barrel in 2024-25. As of March 10, 2026, the average international price of diesel (FOB) stood at USD 140.2 per barrel. Despite these elevated international product prices, retail prices of petrol and diesel in India have been contained. As of now, the retail prices in Delhi are Rs. 94.77 per litre for petrol and Rs. 87.67 per litre for diesel.

However, the Government has increased the price of domestic LPG cylinders by ₹60 per 14.2 kg cylinder and that of commercial cylinders by ₹115 per 19 kg cylinder, effective from 7th March 2026. The subsidy component for the PMUY consumers remains unchanged at ₹300 per cylinder. The ₹60 increase in domestic LPG prices needs to be viewed in the context of international price trends. Domestic LPG prices are linked to global benchmarks such as the Saudi Contract Price (CP), which rose from US\$415/MT in 2020–21 to US\$712/MT in 2022–23. Despite this sharp increase, the Government ensured that the full impact was not passed on to consumers.

To protect households, the Government compensated Oil Marketing Companies (OMCs) with ₹22,000 crore in FY 2022–23 to cover under-recoveries arising from lower domestic LPG prices. Even during 2024–25, when international prices remained elevated, OMCs absorbed around ₹40,000 crore in losses, with the Government approving ₹30,000 crore compensation to ensure continued affordable supply.

Despite the recent revision, the domestic LPG prices continue to remain below market-linked levels. For example, the market-determined price of a 14.2 kg cylinder in Delhi in March 2026 was around ₹987, while it was being sold to consumers at ₹853, roughly ₹134 lower than the market price. The pricing calculations indicated that the required increase could be around ₹134 per cylinder, yet the Government approved only ₹60, absorbing the rest to protect consumers.

For beneficiaries under Pradhan Mantri Ujjwala Yojana (PMUY), the impact remains modest. The estimated daily cooking cost using LPG has increased from about ₹7.31 to ₹8.11, i.e., less than ₹1 per day. In simple terms, the ₹60 increase translates to roughly 80 paise more per family per day for cooking or about 20 paise more per person per day for cooking.

The price of a non-subsidized LPG cylinder in May 2014 was around ₹906. Even after the recent ₹60 revision in March 2026, the price is around ₹913 after 12 years.

LPG prices in India remain among the lowest in the region, even compared to some LPG-producing countries.

As on date		01.03.2026
S. No	Neighboring countries	Domestic LPG (Rs./14.2 kg Cyl.)
1	India (Delhi)*	613 #(for Ujjwala beneficiaries)
2	Pakistan	1046.34
3	Sri Lanka	1241.67
4	Nepal (Kathmandu)	1207.81

effective 7th March'2026

* Domestic Non-Subsidized (14.2 kg)

The modest price adjustment must be seen as part of a calibrated approach balancing consumer protection, financial sustainability of OMCs, and uninterrupted LPG supply for households across India.

Measures for insulating common citizens from the full impact of price rises: The government of India takes several steps to insulate common citizens from high international prices, which include diversifying the crude import basket, windfall taxes on export of petroleum products to serve as a buffer during price hikes, invoking the provisions of Universal Service Obligation to ensure availability of petrol & diesel in the domestic market, increasing the blending of ethanol in petrol, etc. The government makes fiscal interventions whenever necessary to calibrate the tax structure applicable to petroleum products.

- i. Previously, the central excise duty was reduced by the Central Government by a total of Rs. 13/litre and Rs. 16/litre on petrol and diesel, respectively, in two tranches in November 2021 and May 2022, which was fully passed on to consumers.
- ii. Some state governments also reduced state VAT rates to provide relief to citizens.
- iii. Earlier, PSU OMCs have also carried out an intra-state freight rationalisation. These benefited consumers located in remote areas, far from Petroleum Oil & Lubricants (POL) Depots in the form of reduced Petrol and Diesel prices in remote parts within the states. This initiative has also reduced the difference between the maximum and minimum retail prices of Petrol or Diesel within a state.

Liquidity measures for MSMEs: Some of the recent measures taken to provide liquidity support to the Micro, Small and Medium Enterprises (MSMEs) are as follows:

- Export Promotion Mission (EPM) has been approved on 12.11.2025 with a budgetary outlay of ₹25,060 crores for the financial year 2025–26 to the financial year 2030–31, as a comprehensive framework to strengthen the overall export ecosystem. Under EPM, support shall be provided through NIRYAT PROTSAHAN, which focuses on trade finance facilitation, including support for interest subvention, factoring, E-Commerce Credit Card, collateral for export credit, etc., for MSME exporters, and NIRYAT DISHA, which shall provide non-financial support, including export-quality and compliance assistance, market-access interventions, logistics facilitation, and export ecosystem-building measures, specifically targeting MSME competitiveness.
- Credit support has been strengthened with the Export Credit Guarantee Corporation (ECGC) increasing its insurance cover for banks to 90 per cent from 70 per cent under the Whole Turnover-Export Credit Insurance for Banks (WT-ECIB) for loans up to ₹80 crore, along with the introduction of a Collateral-Free Cover for Micro and Small Enterprises (MSEs) for working capital limits up to ₹10 crore.
- The Trade Connect e-Platform has also been launched to provide trade-related information to Indian exporters, serving as a single-window portal connecting Indian Missions Abroad, Export Promotion Councils, and the Department of Commerce to facilitate market access for new and existing exporters.
- DGFT has provided for automatic extension of the Export Obligation (EO) period or Block-wise EO fulfilment period up to August 31, 2026, for specified Advance Authorisations and Export Promotion Capital Goods (EPCG) Authorisations where the EO period is expiring between March 01, 2026, and May 31, 2026.
- Reserve Bank of India (RBI) has taken several measures for improving credit flow to MSMEs (including exporters), including regulations issued by RBI, which stipulate:
 - (i) collateral-free lending for loans up to ₹10 lakhs
 - (ii) allows relaxed capital requirements for such lending
 - (iii) transparency in interest rates by linking to external benchmarks, etc.
 - (iv) Additionally, RBI issued Reserve Bank of India (Trade Relief Measures), 2025 on 14.11.2025, providing various relief to exporters, including deferment in repayment of interest and principal instalments, extending export proceeds realisation period, flexibility in packing credit liquidation, etc.

Furthermore, the Government has undertaken the following initiatives to provide new impetus to MSME resilience and growth:

(i) Self Reliant India (SRI) Fund to infuse ₹50,000 crore as equity funding in those MSMEs which have the potential and viability to grow and become large units. Under this scheme, the total size of the fund of ₹50,000 crore has a provision of ₹10,000 crore from the Government of India and ₹40,000 crore through Private Equity / Venture Capital funds. This initiative is aimed at providing growth capital to the deserving and eligible units of the MSME sector. The Budget 2026- 27 has also announced a support of ₹2000 crore to top up the Self-Reliant India Fund set up in 2021 to continue support to micro enterprises and maintain their access to risk capital.

(ii) Mutual Credit Guarantee Scheme for MSMEs (MCGS-MSME), a government-backed initiative designed to help Micro, Small, and Medium Enterprises (MSMEs) access loans to grow their businesses. This scheme offers a credit guarantee, making it easier for MSMEs to obtain loans, especially for purchasing essential equipment and machinery. The Scheme provides credit guarantee cover to lenders (Scheduled Commercial Banks, All India Financial Institutions, NBFCs) for their term loans up to ₹100 crore to MSMEs for their projects involving the purchase of equipment/machinery.

(iii) Subsequent to Union Budget Announcement 2024-25, twenty-six (26) branches have been opened by SIDBI all over India during FY 2024-25 to expand its reach to serve MSME clusters and provide direct credit to them. 37 branches are proposed to be opened in FY 2025-26, out of which 34 branches have since been opened. Further, SIDBI will continue to open new branches to expand its reach to serve all major MSME clusters by 31.03.2027.

(iv) The Government of India has approved the Credit Guarantee Scheme for Exporters (CGSE) on 12.11.2025 to provide additional credit support up to 20 per cent of existing working capital limits to eligible borrowers, particularly MSMEs. By enabling collateral-free credit access under CGSE, the Scheme is expected to enhance the global competitiveness of Indian exporters and support diversification into new and emerging markets. The facility has been made operational w.e.f. 25.11.2025 on a pan-India basis.

(v) Some of the liquidity enhancing measures for MSMEs announced in the latest Budget are as follows:

- a. Liquidity Support through TReDS (Trade Receivables Discounting System)
- b. Mandate TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, serving as a benchmark for other corporates.

- c. Introduce a credit guarantee support mechanism through CGTMSE for invoice discounting on the TReDS platform.
- d. Linking GeM with TReDS to encourage cheaper and quicker financing.
- e. TReDS receivables as asset-backed securities, to develop a secondary market and enhance liquidity and settlement of transactions”.

4.21 While real GDP growth is projected at 7.4% for FY 2026, per capita income growth remains a concern. In this regard, the Committee sought the measures that are being taken to address the concern of per capita income growth. The Department of Economic Affairs has submitted the following written reply:-

“The Government has followed a multi-pronged approach over the years to boost per capita income growth. The most direct measure targeted at supporting per capita income growth came in Budget 2025-26 which granted zero personal income tax liability for individuals earning up to ₹12 lakh, with effective tax-free threshold up to ₹12.75 lakh for salaried tax payers after accounting for the standard deduction. Following the direct tax rate cuts, the GST rate rationalisation in FY 2026 have also aimed at boosting household purchasing power. Several other focus areas have also been identified to support broad-based improvements in employment and income levels. These include enhancing agricultural growth and productivity via supporting animal husbandry & high value crops production, strengthening rural prosperity and resilience, fostering inclusive growth, boosting manufacturing with a focus on frontier technologies along with supportive tax policy, supporting MSMEs, enabling employment-led development, investing in people, securing reliable energy supplies, promoting exports, and nurturing a culture of holistic & inclusive growth.”

4.22 In view of Middle East geopolitical situation, the Committee asked about the contingency plans that are in place if Brent crude prices rise sharply, even up to \$100 per barrel. The DEA has submitted written reply as follows:-

“India follows a multi-pronged strategy to manage risks arising from potential spikes in crude prices, including scenarios where Brent crude may rise sharply. These include diversification of crude import sources (now over 40 countries compared to 27 a decade ago), strong domestic refining capacity of 23 refineries, and balanced trade in petroleum products, with exports of petrol, diesel and other products partly offsetting imports. Further, adequate foreign exchange reserves, a relatively low Current Account Deficit (around 0.8% of GDP in H1 FY26), and market-linked pricing of petroleum products provide additional buffers to absorb

external price shocks. The Government also provides targeted subsidies, particularly for LPG under schemes such as PMUY, to protect vulnerable consumers from global price volatility. In addition, the Government has established Strategic Petroleum Reserve (SPR) facilities through a Special Purpose Vehicle (SPV) — Indian Strategic Petroleum Reserves Limited (ISPRL) — with a total capacity of 5.33 million metric tonnes (MMT). These facilities are located at Visakhapatnam (Andhra Pradesh), Mangaluru (Karnataka), and Padur (Karnataka). Overall, these measures collectively help enhance India’s energy security and provide resilience against sharp increases in global crude oil prices.”

4.23 With regard to the specific strategies to manage volatility in the food and fuel sectors amid geopolitical challenges and the potential for persistent inflation; the Government plans to maintain price stability—especially for export-dependent farmers—and initiatives to leverage domestic reserves of beets and minerals to reduce import dependency, the Department of Economic Affairs has submitted the following in their written replies:-

“Global geopolitical developments, particularly in West Asia, can lead to short-term volatility in international crude oil and commodity prices. The Government closely monitors such developments and has adopted multiple measures to manage potential inflationary pressures and maintain stability in fuel and food prices. The Indian crude oil basket broadly moves in line with global benchmarks such as Brent crude. To manage risks arising from global disruptions, the Government has focused on diversifying crude oil import sources, expanding the number of supplier countries from about 27 to over 40 in the last decade. India also has strong domestic refining capacity with 23 refineries, ensuring adequate availability of petroleum products in the domestic market.

In an earlier occasion when global crude prices had increased (between November 2021 to June 2022), the Government took several measures such as reduction of central excise duty, intra-state freight rationalisation by public sector Oil Marketing Companies (OMCs), providing targeted subsidies for LPG, particularly to vulnerable households under schemes such as Pradhan Mantri Ujjwala Yojana (PMUY), invoking provisions of Universal Service Obligations to ensure availability of petrol and diesel in domestic market etc. in order to shield consumers from international price volatility. Some state governments had also reduced VAT to provide relief to the consumers. In addition, initiatives such as the Ethanol Blended Petrol Programme and policy reforms to encourage domestic resource development and investment in the mining sector aim to reduce import dependence over time. Overall, through diversified sourcing, strong refining infrastructure, targeted subsidies and promotion of alternative

fuels, the Government remains prepared to manage global volatility and maintain inflation and price stability in the fuel sector.

Further, the Government supports the exports of agriculture commodities, through initiatives and schemes implemented by the Agriculture and Processed Food Products Exports Development Authority (APEDA), under Department of Commerce, such as development of modern infrastructure, adoption of innovative and automated machinery, encouragement of new value-added product development, quality development, market development and training programs to upskill the workforce in producing value-added products.

The Government has taken following measures to support mineral sector;

- i. India's strategy reflects a focus on enhancing domestic capabilities while engaging in international partnerships like the Minerals Security Partnership and the Indo-Pacific Economic Framework.
- ii. The Government of India has launched the National Critical Mineral Mission (NCMM) on 29 January 2025 as a strategic initiative to secure the supply chain of minerals essential for renewable energy and storage technologies. The Mission has a financial outlay of ₹16,300 crore and expected investment of 18,000 crore from PSUs and others. The Mission aims to secure a long-term sustainable supply of critical minerals and strengthen India's critical mineral value chains encompassing all stages from mineral exploration and mining to beneficiation, processing, and recovery from end-of-life products.
- iii. To build supply chain resilience in critical minerals, the Union Cabinet has approved a ₹1,500 crore Incentive Scheme for Promotion of Critical Mineral Recycling under NCMM. The scheme will incentivise that part of the recycling value chain in which actual extraction of critical minerals takes place, and will develop recycling capacity for critical materials in the country for the separation and production of critical minerals from secondary sources.
- iv. Amendments to the Mines and Minerals (Development and Regulation) Act 2023 have broadened the central government authority to auction 24 of 30 identified critical minerals and open exploration and mining of six previously restricted minerals to private sector participation. Further, the MMDR Act was amended with effect from 01.09.2025. Through the said amendment, provision has been made in the Act for inclusion of any new mineral in a mining lease. This will boost mining of critical minerals in the country.

- v. The Geological Survey of India has completed 195 exploration projects in FY 24-25 and taken up 230 exploration projects in FY 2025-26 for critical and strategic minerals across the country. Meanwhile, the government's joint venture, Khanij Bidesh India Ltd. (KABIL), has acquired 15,703 hectares in Argentina for lithium mining, alongside partnerships in Australia and Chile.

Beach Sand Minerals

Beach Sand Minerals (BSM) — are a family of naturally occurring high-density minerals found concentrated in coastal sand deposits. Beach sand minerals include ilmenite, rutile, monazite, zircon, garnet and sillimanite, and are widely utilised in high-tech industries such as nuclear energy, aerospace, electronics and advanced ceramics. Union Budget 2026-27 has announced the establishment of dedicated rare earth corridors across four states — Tamil Nadu, Kerala, Odisha and Andhra Pradesh — to promote mining, processing, research and manufacturing. It is also proposed to provide basic customs duty exemption to the import of capital goods required for processing of critical minerals in India. BCD on Monazite was reduced from 2.5% to zero. In order to incentivise the prospecting and exploration of the critical minerals, it is proposed to include certain critical minerals in the list of minerals in Schedule XII of the Income Tax Act, thereby making expenditure on prospecting and exploring of such critical minerals eligible for deduction as per the provision of section 51 of the Act. A Scheme for Rare Earth Permanent Magnets was also launched in November 2025”.

4.24 Given global supply chain realignments due to West Asia tensions, the Committee asked as to why our country not capturing manufacturing FDI at the expected scale that we really expected it to grow, the Department of Economic Affairs has submitted the post-evidence reply as under:-

“The Government reviews the Foreign Direct Investment (FDI) policy on an ongoing basis to ensure that India remains an attractive and investor-friendly destination for global investors. FDI inflows depend on several factors, including general investment climate, market size, availability of natural resources, infrastructure, macroeconomic stability and investment decisions of foreign investors.

- i. The Government of India has undertaken a number of measures to strengthen the overall investment climate and attract investment, including in the manufacturing sector. These include removal of regulatory barriers, streamlining of processes, reduction in regulatory compliance burden, and improvements in infrastructure and logistics.
- ii. Initiatives such as the Business Reforms Action Plan (BRAP) 2024 rankings and Logistics Ease Across Different States (LEADS) 2024 report inter-alia communicate to potential investors examples of positive business ecosystem as well as logistics performance undertaken by various States and Union Territories.
- iii. Efforts have also been made to rationalise regulatory provisions through initiatives such as the reduction of compliance requirements and decriminalisation of provisions under various Central Acts. The Regulatory Compliance Burden (RCB) initiative has resulted in over 42,000 compliance reductions, under 670 acts nationwide. Through the Jan Vishwas (Amendment of Provisions) Act, 2023, the Government has decriminalised 183 provisions across 42 Central Acts from 19 Ministries/Departments.
- iv. FDI policy provisions have been progressively liberalized and simplified across various sectors such as Pension, Other Financial Services, Asset reconstruction Companies, Broadcasting, Pharmaceuticals, Single Brand Retail Trading, Construction & Development, Power Exchanges, ecommerce activities, Coal Mining, Contract Manufacturing, Digital Media, Civil Aviation etc. Between 2014 and 2019, significant reforms included increased FDI caps in the Defence, Insurance, and Pension sectors, and liberalised policies for Construction, Civil Aviation, and Single Brand Retail Trading. From 2019 to 2024, notable measures included allowing 100% FDI under the

automatic route in coal mining, contract manufacturing, and insurance intermediaries.

- v. Further, the Government has undertaken several initiatives to accelerate growth and establish India as a global manufacturing powerhouse. In order to attract investments, 100 per cent FDI is allowed the automatic route in the Manufacturing sector. Launched in 2020, the Production Linked Incentive (PLI) Scheme is a strategic leap toward self-reliance. Keeping in view India's vision of becoming 'Atmanirbhar', PLI Schemes for 14 key sectors were announced with an outlay of Rs. 1.97 lakh crore (over USD 26 billion) to enhance India's Manufacturing capabilities and exports. Further, the Make in India initiative stands as a testament to India's determination to reshape its manufacturing landscape and enhance its global standing.
- vi. In addition to ongoing schemes of various Ministries and Departments, the Government has taken various steps to boost share of manufacturing in Gross Value Added (GVA). These measures include Public Procurement (Preference to Make in India) Orders, Phased Manufacturing Programme (PMP) and QCOs (Quality Control Orders) etc. The initiatives taken by the Government have contributed to a 69 per cent increase in FDI equity inflow in the manufacturing sector, rising from USD 98 billion in 2004-2014 to USD 165 billion in 2014-2024.
- vii. To simplify tax compliance for Startups and foreign investors, the Income Tax Act, 1961 has been amended in 2024 to abolish angel tax and to reduce income tax rate chargeable on income of a foreign company. The GST reforms introduced in September 2025 represent a landmark step in reshaping India's taxation system to better serve the aspirations of its youth. These reforms streamline tax structures, reduce rates, and correct existing anomalies to promote entrepreneurship, job creation, and affordable living. Priority has been given to sectors with high youth participation, including education, automobiles, technology, handicrafts, footwear, healthcare, food processing, and textiles, to strengthen innovation and competitiveness. Further, a simplified GST structure with reduced rates across key sectors such as leather, footwear, paper, textiles, handicrafts, toys, packaging, and logistics is expected to support existing businesses, encourage startups, and ease compliance for traders. By lowering GST slabs to 5% on several goods and rationalising rates in transport and allied sectors, the reforms aim to reduce costs for consumers, ease

compliance for traders and enhance competitiveness for Indian businesses.

- viii. The government has leveraged the Free Trade Agreements for the promotion of Export Diversification and to attract investment. India has concluded 9 Free Trade Agreements and Comprehensive Economic Partnerships Agreements in the past five years. The India-European Free Trade Association Trade and Economic Partnership Agreement (TEPA), signed on 10th March 2024, is a modern and forward-looking agreement. For the first time in any of the FTAs signed by India, a unilateral binding commitment of USD 100 billion investment and 1 million direct jobs over the next 15 years has been secured from Switzerland, Norway, Liechtenstein and Iceland.
- ix. Government is working with all stakeholders to enable our exporters to better utilise the benefits of India's FTAs with major markets such as Japan, Korea, UAE and effectively utilise the opportunities that have been created with the recently concluded FTAs, such as with the EFTA countries and the UK, EU, Oman, and New Zealand. The Government is in negotiations to conclude early, mutually beneficial FTAs with Peru, Chile, etc. The Government is engaged with all stakeholders, including exporters, Export Promotion Councils (EPCs), industry associations, and state governments, to assess the evolving impact of the U.S. tariff measures.

The Government continues to engage with stakeholders and undertake policy measures aimed at strengthening India's manufacturing ecosystem and improving the overall investment climate.

In recent years, India has been an attractive destination for FDI. India has embarked on a series of reforms aimed at liberalizing its Foreign Direct Investment (FDI) policies, with the goal of stimulating economic growth and encouraging foreign capital inflows. To promote Foreign Direct Investment (FDI), the Government has put in place an investor friendly policy, wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route. National Single Window System (NSWS) has also been launched as the online single point interface of the Government of India for investors to start any industry in India and take requisite permissions.

As per para 5.2.5.1 of the FDI Policy, foreign investment in the 'manufacturing' sector is under the automatic route. Further, to ensure that India remains an attractive and investor- friendly destination, the Government reviews FDI policy on an ongoing basis and makes changes from time to time after having intensive consultations with stakeholders, including apex industry chambers, Associations, representatives of

industries/ groups and other organizations taking into consideration their views/ comments.

To boost FDI in manufacturing sectors, govt provides an enabling environment for industrial development through policy interventions and initiatives such as Make in India, Start-up India, PM GatiShakti, National Industrial Corridor Programme, PLI schemes, Indian Footwear and Leather Development Programme, National Single Window System (NSWS), India Industrial Land Bank and Project Monitoring Group (PMG).

In FY25, gross FDI inflows into India reached over USD 80 billion, a 13 per cent increase over the previous year, with momentum continuing into FY26. The total FDI inflow reported during the first half of FY 2025-26 (USD 50.36 billion) has increased by 16% compared to year ago period (USD 43.37billion) which is highest ever for 1st half of financial year. The FDI in manufacturing sector grew by 18% in FY 2024–25, as compared to FY 2023-24”.

Indian Currency Resilience

4.25 The Economic Survey (2025-26) notes that despite stellar fundamentals, the Rupee has "punched below its weight" due to geopolitical frictions. To a specific query asked by the Committee as to how is the DEA addressing the "Paradox of 2025," where strong macroeconomic performance has not yet translated into currency stability or lower capital costs, the Department has furnished the following written replies:-

“The exchange rate reflects a combination of trade balances, capital flows, risk perceptions and geopolitics. In the short run (between 1 April 2025 and 15 January 2026), the Indian Rupee was driven by persistent outflows of foreign investments, evolving bilateral trade development, tariff-linked trade uncertainties, and elevated foreign currency demand in both spot and forward markets, reflecting hedging behaviour and import-related adjustments. These factors led to an amplification of short-term currency movements despite the underlying macroeconomic fundamentals remaining stable.

As the Economic Survey 2025-26 notes, India’s weighted average long-term interest rates between 1995 and 2025 averaged 7.61 per cent, which was higher than the average long-term rates observed in Canada (3.13), Italy (2.94) and Switzerland (1.04). However, India has maintained a favourable average long-

term interest rate compared to other emerging economies, such as Indonesia (14.1), Mexico (11.05), and South Africa (9.08).

A long-term, durable decline in capital costs will be possible through productivity-led expansion in manufacturing, sustained export growth and the emergence of external surpluses. Policies that support firm-level scale and deregulation, improve logistics, infrastructure, and trade facilitation, deepen technological capabilities and R&D, and enable sustained participation in global value chains can strengthen productivity and margins in manufacturing. As firms retain more earnings, corporate savings rise. As exports expand and trade and current account surpluses emerge and stabilise, dependence on foreign savings diminishes, expectations of depreciation moderate, and the external-balance component of the risk premium embedded in capital costs falls over time.

Manufacturing exports remain the most reliable channel through which productivity gains, economies of scale and global demand can improve medium-term exchange rate outcomes. Therefore, it's crucial to build a strong and competitive manufacturing base anchored in export growth to ensure stronger currency credibility.”

4.26 Although India receives over Rs. 135 billion annually in remittances, the cost of sending money to India remains high in several countries, exceeding the global 3% target. The Committee when asked as to how is the Ministry leveraging UPI internationalisation and initiatives such as Project Nexus to reduce remittance costs, particularly in high-cost corridors like Japan and Germany, the following written response has been submitted by the Ministry of Finance:-

“Department of Economic Affairs

The Ministry, in coordination with the Reserve Bank of India (RBI) and NPCI International Payments Limited (NIPL), is undertaking initiatives to reduce the cost of cross-border remittances to India. As per global remittance price data, the average cost of sending USD 200 to India was about 5.12 per cent in Q1 2025, which is lower than the G20 average of 6.79 per cent. India’s SmaRT remittance cost is around 3.02 per cent, indicating relatively efficient digital remittance corridors and progress towards the SDG target of 3 per cent.

Efforts are also being made to develop interoperability between India’s UPI, and the Fast Payment System (FPS) of other countries to facilitate cross-border peer-to-peer (P2P) and person-to-merchant (P2M) transactions. UPI applications are already accepted at merchant locations in several countries, including Bhutan, France, Mauritius, Nepal, Singapore, Sri Lanka, Qatar and the UAE, enabling convenient QR code-based payments for Indian users abroad. In addition, the first cross-border linkage between instant payment systems, UPI of India and PayNow of Singapore, was launched in February 2023, enabling instant account-to-account transfers and demonstrating the potential of such linkages to reduce

transaction costs. RBI is also participating in the Bank for International Settlements (BIS) Innovation Hub's *Project Nexus*, which aims to connect the instant payment systems of countries such as India, Malaysia, the Philippines, Singapore and Thailand through a common platform to facilitate faster and cheaper cross-border transactions.

With regard to European Countries including Germany, RBI and NIPL are engaging with the European Central Bank (ECB) to establish a linkage between UPI and the Eurosystem's TARGET Instant Payment Settlement (TIPS) platform. This initiative has moved to the realisation phase from November 2025, under which RBI, NIPL and the ECB are working on technical integration, settlement arrangements and risk management. In the case of Japan, the RBI has been engaging with the Bank of Japan and other Japanese stakeholders since 2022 to explore cooperation in payment systems, including interoperability between India's UPI and Japan's Zengin system. In parallel, NIPL is engaging with private sector entities in Japan to explore acceptance of UPI-based QR code and contactless payments. These discussions are ongoing and are expected to facilitate digital payment interoperability and contribute to reducing remittance costs over time.

Department of Financial Services

i. There are three primary channels for cross- border remittances to India, viz. Correspondent banking channel, Rupee Drawing Arrangement (RDA), and Money Transfer Service Scheme (MTSS). The cost of remittances varies from corridor to corridor, varies across channels and also depend on the transaction ticket size. The cost of sending remittances to India is lower than the global average cost. As per the sixth round of India's remittance survey conducted by RBI (March, 2025), the average cost could be below 3 per cent for US\$ 200 for remittance under the RDA channel.

ii. With the emergence of Fast Payment System (FPS), efforts are being made to interlink the UPI with similar fast payment systems of other countries for facilitating cross-border payments. The FPS linkage between India and Singapore, Le., UPI- PayNow is live since February 2023. The average cost of remittances to India (for a ticket size of USD 200) is less than 3% under this channel. Efforts are being taken to bilaterally link UPI with FPS of other jurisdictions. Efforts are also being taken to have multilateral linkage of FPSS through Project Nexus. India is a member of Project Nexus. The project will facilitate interlinking of UPI with FPS of Indonesia, Malaysia, Singapore, Thailand and Philippines. The project is under development and is expected to go-live in end-2027.

iii. RBI is also engaged with European Central Bank, for collaboration on linking UPI with the instant payment system of ECB called TIPS. Discussions are currently going on with ECB on legal agreement, technical integration, and operational aspects of UPI-TIPS linkage. Currently, there is no engagement with Japan on FPS linkages and cross-border remittances are being facilitated through the other existing channels”.

Inflation

4.27 While the Economic Survey 2025-26 highlights a record-low headline inflation of 1.7%, the common man's daily experience often differs. "Core" inflation in essential services like education, private healthcare, and diagnostic services can remain stubbornly high. Protection for the common man means ensuring that these non-commodity costs are also kept in check. When the Committee asked to clarify as to how is the DEA ensuring that the 1.7% CPI reflects the actual cost-of-living for a middle-class family, and what protections exist if "shadow inflation" in services continues to erode real incomes, the Department has submitted written clarification as under:-

“Based on the CPI series with the base year of 2012, the Economic Survey had mentioned about the record low headline inflation of 1.7 per cent. The Survey has also observed that the historically low headline CPI inflation of 1.7 per cent during April–December 2025 primarily reflects a sharp moderation in prices of volatile food items and fuel, which together constitute more than half of the CPI consumption basket. This broad-based softening in commodity prices has exerted a significant downward influence on the headline inflation number and is comprehensively analysed in the Economic Survey's assessment of inflation dynamics.

The Survey also noted that while core inflation appears to be persisting, this was primarily due to high prices in gold and silver. Notably, between June and December, core inflation excluding precious metals decelerated from 3.4 per cent to 2.3 per cent, even as the standard core measure remained elevated at around 4.6 per cent. This divergence indicates that the recent firmness in core inflation primarily reflects price pressures from precious metals rather than a broad-based strengthening of underlying inflationary momentum. The four major components of the core CPI basket – (i) clothing and footwear, (ii) housing, (iii) health and (iv) transport and communication – that account for nearly one-third of the CPI basket and more than 60 per cent of the core measure were also analysed in the Survey individually, and disinflationary tendencies were observed therein as well. To ensure that the CPI better mirrors the actual cost-of-living for middle-class families, the Ministry of Statistics and Programme Implementation (MOSPI) has already undertaken major improvements: the CPI base has been revised to 2024 from 2012, using the consumption pattern of the households as reflected in the Household Consumption and Expenditure Survey (HCES) data of 2023-24. The coverage of commodities has been expanded from 299 to 358 items, including broadening the range of services from 40 to 50, and enhancing rural/urban price collection — all aimed at aligning the index with contemporary consumption patterns of citizens. Thus, the new CPI series is expected to reflect the evolving composition of consumption and the changing structure of the economy. As per

the first release under the new CPI series issued on 12 February 2026, retail inflation increased from 1.33 per cent to 2.75 per cent in January 2026.

If service-sector inflation persists, institutional safeguards are in place: the Reserve Bank of India closely monitors inflation trends while calibrating monetary policy; and fiscal as well as social sector interventions—such as increased public provisioning in health and education and targeted support measures for the poorer sections of the society—help mitigate the impact on real incomes. Collectively, these measures ensure that inflation assessment and policy responses remain responsive to households' lived cost-of-living realities”.

4.28 For generations, Gold and Land were the "safety nets" for the Indian common man because they were tangible. By enforcing "Tax Parity" (taxing gold/land similarly to stocks) and removing indexation benefits, the government projects a shift toward the stock market. In this regard, on being asked by the Committee that by removing the tax advantages of "emergency hedge" assets like gold, whether the DEA forcing the common man into a volatile market environment they may not have the financial literacy to navigate safely, the following written submission has been made by the Department:-

“Department of Revenue:-

- The rationalization of capital gains tax regime by the Finance (No. 2) Act, 2024 was made with a view to easing computation of capital gains for the taxpayer and the tax administration.
- There were several aspects to this rationalisation. While the holding period of listed and unlisted assets was rationalised and made uniform as one year and two years respectively for recognition of long-term capital gains, the rate was simultaneously reduced to 12.5% for long-term capital gains for all category of assets. This reduction in rate compensated removal of indexation as the indexation was earlier available with a higher long-term capital gains tax rate of 20%.
- Further to the above, for properties purchased before 23.07.2024, a liberal taxation regime was also provided wherein an option was given to Individuals and HUF to compute long-term capital gain under the old regime (20% with indexation) as well as new regime (12.5% without indexation) and any excess tax as per the new regime was allowed to be ignored.
- Moreover, stock market transactions are also subjected to securities transaction tax also. Thus, it may not be a correct assumption to state that the taxation regime favour the stock market in any manner.

Department of Economic Affairs

- The presence of a variety of savings and investment instruments is a signal of a maturing financial sector. Financial savings are particularly useful in channelling capital directly towards productive sectors. The financial sector provides a range of instruments that offer risk-adjusted returns tailored to the investor's risk appetite.
- India's financial markets regulator, the Securities and Exchange Board of India (SEBI), undertakes a variety of measures with the objective of investor awareness and protection. For instance, to provide a verified and secure payment channel for financial transactions in the securities market, SEBI has mandated a new UPI address structure for all SEBI-registered intermediaries that collect funds from investors, effective 1 October 2025. Complementing this, the 'SEBI Check' was introduced to enable verification and enhance the safety and accessibility of investor payments. To combat financial fraud and scams, SEBI launched a joint media campaign titled 'SEBI vs SCAM' in collaboration with Market Infrastructure Institutions in July 2025, focusing on identifying red flags, raising awareness about verification protocols, trusted redressal mechanisms, and good digital practices. In parallel, a nationwide training initiative for block-level Panchayat representatives was launched in collaboration with the Ministry of Panchayati Raj (MoPR) to promote financial literacy and investor education at the grassroots level.
- Collectively, these measures ensure that investors are financially aware of choosing investment options which match their risk profile. Further, these measures prevent investors from being subjected to financial fraud."

The Fiscal Responsibility and Budget Management

4.29 India's fiscal policy continues to operate under the framework of the Fiscal Responsibility and Budget Management Act (FRBMA), which provides the medium-term fiscal consolidation path for deficit and debt sustainability. The economic survey of 2025-26 highlights global financial viability, capital flow stability, and external sector risks that may affect macroeconomic stability and fiscal projections. The initial capacity and budgetary allocation for macroeconomic management therefore require examination. To a specific query asked by the Committee as to what institutional strengthening measures are being funded in 2026-27 to support fiscal deficit management under the FRBM guidelines and how do these compare with previous

allocations, the following written response has been submitted by the Department of Economic Affairs:-

“(a) The fiscal strategy of the Union Government for FY 2026-27 rests on the principle of continuing on the path of gradual fiscal consolidation while retaining operational flexibility. The strategic priorities for the FY 2026-27 are augmentation of resources through continuation of policy reforms introduced in tax domain in conjunction with reasonable rationalization of expenditure, prioritization of expenditure towards the key developmental sectors, enhancing the social and physical infrastructure of the country in an inclusive manner by supporting and strengthening the capital spending of States, improving public expenditure quality and management by leveraging technology and an active debt management strategy.

(b) The process of fiscal consolidation since 2021-22 has resulted in improvement in fiscal deficit from 6.7 per cent of GDP in 2021-22 to 4.4 per cent of GDP in 2025-26 RE. This improvement is due to sustained efforts to maintain revenue receipts on the budgeted path and the rationalization of expenditure, without losing focus on economic growth.

(c) The policy measures implemented in the domain of taxation and expenditure management are as follows:

Direct Tax

1. The new simplified Income-tax Act, 2025 has been enacted by the Parliament which shall come into effect on 01.04.2026. The Act is a simplified version of the erstwhile Income tax Act, 1961, making it concise, lucid, easy to read and understand. The simplification exercise was guided by three core principles of textual and structural simplification for improved clarity and coherence, no major tax policy changes to ensure continuity and certainty, and no modifications in tax rates, preserving predictability for taxpayers.

2. PAN is being leveraged to become Business Identification Number (BIN) for providing registration to a number of government departments and services.

3. An Integrated e-Filing and Centralised Processing Center 2.0 (CPC 2.0) project was launched with a view to providing better e-filing experience, ease of compliance, more accurate and faster processing of ITRs.

Indirect Tax

1. Union Government on the recommendation of GST Council has undertaken a comprehensive rate rationalisation and structural simplification of 4-tiered tax rate structure into a citizen-friendly 'Simple Tax' - a 2-rate structure with a standard rate of 18% and a merit rate of 5%, a special demerit rate of 40% for a select few goods and services. This will simplify the present tax structure and boost domestic consumption.
2. Customs duty rates have been rationalised in Budget 2025 with the intent to promote domestic value addition while also balancing the concerns of the domestic industry. Review of custom duty exemptions, review of customs duty rates, addressing issues of misclassification are an ongoing exercise and undertaken on continuous basis in consultation with the stakeholders including administrative ministries and trade association.
3. The Union Government has notified an optimal simplified GST registration scheme wherein registration shall be granted on an automated basis within three working days from the date of application in case of low-risk applicants and applicants for which output tax liability on supplies to registered person will not exceed ₹ 2.5 lakh per month. This measure will reduce the compliance friction in respect of the registration of the taxpayers.

Expenditure Policy

1. The Union Government continues to leverage technology as a significant tool for public financial management. The Treasury Single Account (TSA), Single Nodal Agency (SNA) and Central Nodal Agency (CNA) guidelines have ensured transparency and helped in better cash management.
2. SNA SPARSH (Single Nodal Agency - System for Payments and Reporting Across Sectors Holistically) aims at enabling "Just-in-time" fund flow from the Consolidated Fund of India and Consolidated Funds of States. Pilot rollout had been notified and, as of now, 50 Centrally Sponsored Schemes across States/UTs have been onboarded.
3. The scope of Direct Benefit Transfer (DBT) has been expanding with adoption of new programs and technologies under Digital India Program. It is aimed to achieve (i) "Just in time" transfer of funds and (ii) complete tracking of realization of funds from its release to its credit into the bank account of intended beneficiaries. Reforms in expenditure management makes a direct and significant contribution to the Digital India Initiative of Government of India by enabling electronic payment and receipt for Ministries/ Departments in Government of India

Recognising the evolving global economic environment, the Government has adopted a medium-term fiscal anchor of reducing Central Government debt to around 50±1 per cent of GDP by March 2031. This approach provides a credible and transparent consolidation path while allowing the flexibility required to respond to emerging economic challenges. Instead of rigid annual targets, fiscal policy is being calibrated to ensure that deficits over the medium term remain consistent with a declining debt trajectory. To support this framework, the Union Budget 2026–27 strengthens several institutional pillars that enhance fiscal capacity and resilience.

First, continued reforms in tax policy and administration are strengthening revenue mobilisation. Structural reforms such as the Income Tax Act 2025, GST rate rationalisation, and customs tariff reforms simplify the tax system, improve compliance, and strengthen the revenue base needed for fiscal consolidation.

Second, the Government has significantly improved the quality of public expenditure by prioritising capital investment. Capital expenditure is budgeted at ₹12.22 lakh crore in FY27 (3.22 per cent of GDP)-nearly double the pre-pandemic share. Including grants for asset creation, effective capital expenditure rises to ₹17.15 lakh crore (4.51 per cent of GDP). At the same time, revenue expenditure has been rationalised, demonstrating a clear shift toward productive investment that supports long-term growth and fiscal sustainability.

Third, the Special Assistance to States for Capital Investment (SASCI) scheme continues to strengthen cooperative fiscal management. The scheme provides 50-year interest-free loans to States exclusively for capital expenditure, encouraging sustained public investment across the country. The allocation has been increased to ₹2 lakh crore in FY27, reflecting the Centre's continued support for infrastructure development and balanced regional growth.

Fourth, the Government is expanding asset monetisation as a structural financing strategy. The first phase of the National Monetisation Pipeline (NMP) mobilised about ₹5.3 lakh crore during FY22–FY25. Building on this success, NMP 2.0 (FY26–FY30) envisages a total monetisation value of ₹16.72 lakh crore across sectors such as highways, railways, power, and urban infrastructure. By recycling capital from mature public assets and attracting private investment, this programme strengthens fiscal sustainability while supporting infrastructure-led growth.

Fifth, active debt management continues to ensure prudent management of government borrowing. Measures such as securities switching, buyback operations, and maintaining a long maturity profile have improved the resilience

of the government securities market. The weighted average maturity of issuances remains high at about 19 years and rollover risks are well contained.

Finally, improvements in expenditure management and fiscal transparency are being supported through technological platforms such as SNA SPARSH for just-in-time fund releases and the continued expansion of Direct Benefit Transfers (DBT), which reduce leakages and improve targeting. At the same time, contingent liabilities remain well contained, with government guarantees declining significantly over time. The Guarantees given by the Union Government have come down from a level of 3.3 per cent of GDP in FY 2004-05 to 1.1 per cent of GDP by the end of FY 2023-24.

Overall, the FY 2026–27 budget reinforces India’s commitment to prudent fiscal management under the FRBM framework. Through sustained revenue reforms, prioritised capital investment, cooperative fiscal federalism, asset monetisation, and prudent debt management, the Government continues to strengthen the institutional foundations of fiscal discipline while supporting long-term economic growth.”

4.30 The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the central government to progressively reduce its outstanding debt, revenue deficit and fiscal deficit, and to give three-year rolling targets for these. The fiscal deficit in 2026 is estimated to be 4.4% of GDP, lower than 2025 (4.8% of GDP). Centre’s outstanding liabilities in 2026-27 are estimated to be 55.6% of GDP. The outstanding liabilities rose between 2018-19 and 2020-21, touching a high of 61% of GDP in 2020-21, and have moderated thereafter. The government is currently aiming to reduce the outstanding liabilities to around 50% of GDP by March 2031.

. The Department of Economic Affairs has stated the following in their written replies:-

“The process of fiscal consolidation since 2021-22 has resulted in improvement in fiscal deficit from 6.7 per cent of GDP in 2021- 22 to 4.4 per cent of GDP in 2025-26 RE. This improvement is due to sustained efforts to maintain revenue receipts on the budgeted path and the rationalization of expenditure, without losing focus on economic growth.

However, uncertainty associated with significant changes in global macroeconomic and geopolitical environment continue to be concerns in fiscal policy management. While India’s growth outlook remains positive, it is not insulated from the risks emanating from outside the country. In this context,

rolling targets for next two years have not been provided. A Statement explaining the reasons for deviation from the fiscal commitments / obligations mentioned in Section 4 and compliance obligations under Section 7(3)(b) of the FRBM Act, 2003, was laid before the Parliament”.

4.31 As the high debt levels significantly limit the government's ability to spend on essential public services and Government aiming to reduce the outstanding liabilities to around 50% of GDP by March 2031 only, when the Committee asked as to what backup strategy does government have to ensure sufficient and uninterrupted fund flow towards the essential public services, the following written replies have been submitted by the Department:-

“After the COVID disruption, the world has been facing geo-political instability. The global uncertainties have adversely affected the global macro-economic fundamentals and led to supply chain disruption. Despite the challenges, the Indian economy has been able to maintain a healthy growth momentum and India’s growth outlook remains positive. The Government’s sustained efforts are to maintain revenue receipts on the budgeted path and the prioritization of expenditure, without losing focus on economic growth. Fiscal consolidation combined with high Capex helped in boosting growth resulting in healthy revenue generation and the Government’s endeavour to maintain the virtuous chain. The share of capital expenditure in total expenditure increased from 12.1% in 2020-21(Actual) to 22.8% in BE 2026-27. This focus helps improve the GDP growth rate, reduce the debt-GDP ratio and mitigate the debt burden.

- The Government’s prioritized focus on defence and essential public services can be assessed from allocations made in these sectors in BE 2026-27 compared with allocations made in BE 2025-26 as under:

(₹ in crore)

	Defence	Women	SC	ST	Children
BE 2025-26	4,91,732	4,49,029	1,68,478	1,30,510	1,16,133
BE 2026-27	5,94,585	5,00,879	1,96,400	1,41,089	1,32,297

- The government’s efforts toward fiscal consolidation and debt stabilisation do not imply a curtailment of developmental priorities. On the contrary, the Government of India's debt consolidation trajectory has been aligned with a calibrated increase in capital expenditure. Enhanced allocations toward capital outlay — which constitute the most productive component of public spending — strengthen infrastructure, crowd in private investment, and generate multiplier effects that support medium- to long-term GDP growth. Thus, fiscal prudence has been pursued alongside sustained public

investment to secure future growth dividends and the ability to spend on essential public services.

For instance, between FY21 and FY25, the fiscal deficit declined from 9.2 per cent of GDP to 4.8 per cent, and the Debt to GDP ratio declined from 61.4 per cent to 56.1 per cent (FRBM based liabilities), while effective capex increased from 3.3 per cent to 4 per cent of GDP”.

4.32 As per Economic Survey (2025-26), combined fiscal deficit of State Governments remained broadly stable at around 2.8% of GDP in the post-pandemic period, similar to pre-pandemic levels, but rose in recent years to 3.2% in FY25. In this regard, the Department has stated the following in their written replies:-

“Economic Survey 2025-26 had noted that after the sharp correction from the pandemic-induced spike of around 3.9 per cent, State deficits have gradually edged up again over the past three years to 3.2 per cent, reflecting emerging pressures on State finances. However, excluding SASCI - the Scheme for Special Assistance to States for Capital Investment, under which the Centre provides 50-year interest-free loans to states exclusively for capital expenditure – the Survey noted that the fiscal deficit is back in the range of 2.8 per cent. A key driver of this renewed fiscal stress, as noted in the Survey, has been lagging revenue growth relative to nominal GDP growth, compounded by the incurring of expenditures such as discretionary, unconditional cash transfers.

The RBI’s report on State Finances also attributes the rise in the combined fiscal deficit of the States in recent years to slower revenue growth and higher expenditure.

The Centre has been supporting States’ finances through various initiatives, such as the Scheme for Special Assistance to States for Capital Investment (SASCI) with an aim to protect the capex by states, front-loading of tax devolution, and enhanced borrowing limits for States linked to pension contributions under the National Pension Scheme and power sector reforms”.

4.33 The Economic Survey 2025-26 highlights that India has reduced its fiscal deficit from 9.2% in FY21 to 4.8% in FY25, with a target of 4.4% for FY26. However, the DEA is now tasked with managing the "risk premium" India pays to global capital. When the Committee asked to clarify as to how does the 2026-27 Budget transition from a focus on "Fiscal Deficit targets" to a "Debt-to-GDP" anchoring strategy for long-term stability, the Department has clarified as under:-

“In the 2025-26 Budget, the Government set out a medium-term roadmap to keep fiscal deficit in each year (from 2026-27 till 2030-31) such that the Central

Government debt is on declining path to attain a debt to GDP level of about 50±1 per cent by 2030-31. In line with this strategy, the Budget 2026-27 estimates the fiscal deficit at 4.3 per cent of GDP for 2026-27 (down from 4.4 per cent in 2025-26) while projecting the debt-to-GDP ratio to decline to about 55.6 per cent in 2026-27 from 56.1 per cent in 2025-26, reflecting a calibrated fiscal consolidation approach that prioritises debt sustainability over the medium term alongside prudent deficit management.

The transition from a strict fiscal deficit targeting framework to a debt-to-GDP anchoring strategy reflects a shift from short-term flow management to long-term stock sustainability. While the fiscal deficit measures the annual borrowing requirement, the debt-to-GDP ratio captures the overall sustainability of public finances and is a more comprehensive indicator of macroeconomic stability. The choice of the debt-to-GDP ratio as the fiscal anchor was consistent with global thinking. It was also considered a more reliable measure of the government's fiscal performance, as it captures the cumulative effect of past and current fiscal decisions. By committing to a declining debt trajectory alongside calibrated fiscal deficits, the Government of India signals predictability and credibility to global investors, thereby moderating the sovereign risk premium and reducing borrowing costs. This framework allows counter-cyclical flexibility in individual years, while ensuring that total public debt remains on a sustainable path relative to economic growth. In essence, the strategy integrates growth-oriented capital expenditure with medium-term fiscal prudence, strengthening macroeconomic resilience without constraining developmental priorities. Further, the GOI's debt-to-GDP ratio is a concrete commitment with a specific date. Yet it affords the government flexibility to fine-tune fiscal policy in response to emerging needs in the intervening period, in a volatile and unpredictable geopolitical and geoeconomic environment.

It is noteworthy that the government was determined to and succeeded in bringing down the fiscal deficit ratio as promised in FY21, despite it not being a legislative target, even while improving the quality of fiscal expenditure with a concurrent emphasis on capital expenditure. Among other things, the conservative and prudent approach to fiscal management, which enhanced fiscal credibility, led to India's sovereign rating upgrades by several credit rating agencies in FY26.

The Economic Survey noted that long-term borrowing costs for the world's biggest economies have remained elevated as investors questioned governments' ability to cover massive budget deficits. These pressures are showing in elevated bond yields across major advanced economies, particularly in the ultra-long tenure segment (Chart I.4 of Economic Survey 2025-26). In contrast, while India's long tenure bonds have witnessed a spike in the recent months, the Economic Survey in its Chart I.22 had shown that markets have acknowledged and rewarded the Indian government's commitment to fiscal discipline through lower sovereign bond yields, with the spread over U.S. bonds declining by more than half between April 2018 and December 2025. Alongside a lower repo rate, these declining yields, which serve as benchmarks for borrowing costs across the economy, will itself act as a fiscal stimulus. Credit ratings

agency, S&P Ratings, has acknowledged the credibility of and the commitment to the fiscal glide path, while upgrading India's rating from 'BBB-' to 'BBB'. CareEdge Global, in initiating its coverage of India, too assigned a 'BBB+' rating, underscoring India's robust economic performance and fiscal discipline.

Economic Survey 2025-26 was of the view that once the current target is met and fiscal deficits decline gradually, a new FRBM target may be considered at the end of the Sixteenth Finance Commission period. It stated that a return to a rule-based regime will likely be credible and durable if ushered in after a period of lower global macro uncertainty and after debt and/or deficit ratios come meaningfully closer to 50 per cent or 3 per cent of GDP, respectively".

4.34 The Committee desired to know the Department of Economic Affairs' (DEA) strategy for reconciling its stated development priorities with the ongoing fiscal consolidation, specifically noting a lack of a bold regulatory push toward green financing and climate-adjustment risk modeling. In this regard, DEA has submitted the following written reply:-

"Green financing and sustainable investments are promoted through multiple policies and regulatory measures. These include direct budgetary support under the National Action Plan for Climate Change, production-linked incentive schemes for high-efficiency solar photovoltaic modules, advanced battery storage systems based on advanced-chemistry cells, and the automotive and auto-component sectors.

Regulatory measures that facilitate the flow of green finance include the SEBI framework for green debt securities, introduced in 2017, which mobilises capital for environmentally sustainable projects such as renewable energy, clean transportation, and sustainable waste management. This has been further expanded by the inclusion of three specific subcategories, viz. 'Blue' bonds, 'Yellow' bonds, and 'Transition' bonds. Further, the Government of India announced the issuance of Sovereign Green Bonds (2022) as part of its overall market borrowings. The proceeds raised from these Sovereign Green Bonds are used to finance and/or refinance expenditures for green projects. The Government of India has issued sovereign green bonds, with total issuances amounting to ₹72,697 crore since FY23.

Recognising the crucial role of the financial sector in mobilising and directing funds towards environmentally sustainable activities and projects in the face of climate change, the Reserve Bank of India (RBI) introduced the Framework for Acceptance of Green Deposits. This initiative marks a significant step in advancing the green finance ecosystem in India. The framework aims to encourage Regulated Entities (REs) to offer green deposit products to their

customers, supporting them in meeting their sustainability goals while addressing the risks of greenwashing.

The funds collected through these green deposits are designated for specific activities and projects that promote the efficient use of resources, lower carbon emissions and greenhouse gas output, strengthen climate resilience and adaptation efforts, and support the restoration and conservation of natural ecosystems and biodiversity.

The International Financial Services Centres Authority has established a regulatory ecosystem for green, social, sustainability, and sustainability-linked bonds. Collectively, these measures are encouraging greater private-sector participation and investment in climate-resilient infrastructure

To further mainstream sustainability in the corporate sector, the Securities and Exchange Board of India (SEBI) has mandated Business Responsibility and Sustainability Reporting (BRSR) for the top-1,000 listed entities (by market capitalisation) from FY 2022-23 onwards. BRSR is a foundational step in India's climate and sustainability-related disclosure ecosystem. The BRSR framework requires companies to disclose their performance across environmental, social, and governance (ESG) factors in a structured, comparable manner. For instance, BRSR seeks disclosure of greenhouse gas emissions, corporate policies on ESG issues, and the identification and mitigation of climate risks.

Further, in 2023, SEBI also introduced the "BRSR Core", an assurance-based reporting mandate for key BRSR indicators, to improve the reliability of sustainability disclosures and reduce 'greenwashing'. Disclosures for the value chain shall be made by the listed company in accordance with BRSR Core, as part of its Annual Report".

Fiscal populism

4.35 The Economic Survey 2025-26 flags concerns over "fiscal populism" in states, where cash transfers may crowd out spending on health, education, and infrastructure. The DoE's role in managing the Scheme for Special Assistance to States for Capital Investment (SASCI) is crucial here. On being asked by the Committee as to how does the DoE balance the "Trade-off" between Unconditional Cash Transfers (UCTs) and growth-enhancing Capital Expenditure, the following written submission has been made:-

"Department of Expenditure (Demand No.42-Transfer to States)"

Special Assistance under SASCI is provided only for capital expenditure. The outlay under the scheme has increased from Rs 12,000 crore in 2020-21 to Rs. 1,50,000 crore in 2025-26. An outlay of Rs 2,00,000 crore has been proposed under SASCI in 2026-27.

Further, the scheme also incentivises State Governments to increase Capital Expenditure using their own resources. An amount of Rs 14,999 crore has been released in 2025-26 as incentive to State Governments who have achieved a growth rate of over 10% in capital expenditure in 2024-25 over 2023-24, using their own resources. Similarly, an incentive amount of Rs. 20,258 crore was released to States in 2024-25 for similar purpose of increasing capex using their own resources.

Department of Economic Affairs

Total revenue receipts of States, as a percentage of GDP, declined from about 13.3 per cent in FY22 to 12.2 per cent in FY25(PA), thereby constraining fiscal space at the combined State level. In addition, states have been increasing unconditional cash transfers as detailed in Box II.7 of Economic Survey 2025-26. In this environment where revenues are not matching the pace of nominal GDP growth, the Central Government has extended interest-free loans to States via Central Government's Scheme for Special Assistance to States for Capital Expenditure (SASCI) to safeguard capital expenditure. Allocations under SASCI increased sharply from about ₹12,000 crore in FY21 to around ₹1.5 lakh crore in FY26 and further to a budgeted amount of ₹2 lakh crore in FY27. As a result, notwithstanding the rise in revenue deficits, capital expenditure by States as a share of GDP remained broadly stable at about 2.4 per cent, underscoring SASCI's role in protecting growth-oriented spending amid fiscal pressures.

Economic Survey 2025-26 observed (Box II.6) that SASCI has played a stabilising role in sustaining State capital expenditure amid pressures on the revenue account. The overall capital outlay of States increased from 2.17 per cent of GDP in FY22 to 2.37 per cent in FY25; however, excluding SASCI-linked capital spending, States' capex declined from 2.11 per cent to 1.92 per cent of GDP over the same period. The scheme has therefore helped States avoid a pro-cyclical compression of public investment. The survey noted that States with lower per capita incomes have relied more heavily on SASCI to finance capital outlays, reaffirming its role in helping fiscally constrained States achieve convergence with high-income States. By sustaining investment and incentivising reforms, SASCI strengthened productive capacity, enhanced future revenue potential, and supported medium-term fiscal health.

Reasons for amount released being less than amount approved are as follows –

- The amount released in previous year under SASCI but remaining unutilized is deducted from SASCI releases of subsequent years.

- Funds under Part I of SASCI and some other parts are released in two instalments. Due to slow pace of expenditure, some of the states do not avail the 2nd instalment of funds.

Reasons for any decrease/increase in fund allocation for SASCI during the last three years:-

In view of the extremely positive response of the State Governments to the Scheme and their request for continuing the Scheme, the outlay under the scheme has increased from Rs 1,00,000 crore in 2022-23 to Rs 1,30,000 crore in 2023-24, and to Rs 1,50,000 crore each in 2024-25 and 2025-26. An outlay of Rs 2,00,000 crore has been proposed under the scheme in 2026-27.

Reasons for under-utilisation of funds by the States during the said period:-

The total outlay vs releases made under the scheme during last 03 years are as under -

(Rs. in crore)			
FY	Outlay	Released	Release %
2022-23	1,00,000	81,195.35	81.19%
2023-24	1,30,000	1,09,554.30	84.27%
2024-25	1,50,000	1,49,483.73	99.65%

Although the utilization of funds under SASCI is substantial, reaching 99.65% in 2024-25, reasons for non-utilization of remaining amount are as under –

- Working season in some of the States is limited due to heavy rainfall/snowfall
- Some of the projects undertaken like Unity Mall, Working Women Hostels, housing for police personnel and Development of Iconic Tourist centers are long gestation projects spread over more than one year.
- In some cases, the award of works took time due to multiple bidding rounds.

The funds under the scheme are provided as loan to the States. Monitoring of fund utilization and assessment of progress is done by State Government. No assessment of SASCI at the central level has been carried out so far.

Remedial measures that are being taken/can be taken to improve utilisation of SASCI funds while maintaining accountability and reform incentives:-

- The scheme design of SASCI is very flexible. It allows funding of new works, ongoing works and even clearance of pending bills.
- The states submit the list of projects in a simple format. No detailed project reports are sought except for very specific and big projects like Unity Mall.

- iii. States have flexibility to change projects post approval, if fund utilization under an approved project is slow.”

4.36 Regarding the issue of how the Department will ensure that faster fund release under "Trust-based Compliance" and SNA-SPARSH reforms does not undermine the consistent reporting identified by NITI Aayog as a prerequisite for fiscal discipline, the Committee further inquired about the specific parallel reforms mandated for the 18 major States to ensure decentralized spending leads to actual deficit reduction rather than mere fund exhaustion. The Department of Expenditure has responded as follows in their written replies:-

“SNA SPARSH is designed for Just-in-Time flow of funds under Centrally Sponsored Schemes (CSS). Under SNA SPARSH, both the Central Share and the State Share of the scheme are credited to beneficiary’s/vendor’s account directly by the RBI. There is no parking of funds in the commercial Bank Account. Consequently, the cash balance of both Central and State Government is not depleted in bulk but in an incremental manner, as per actual requirement. This, on one hand makes funds available efficiently to vendors and beneficiaries and on the other hand reduces borrowing requirement of government and promotes fiscal discipline.

Besides improving cash management and tackling fiscal deficit, SNA SPARSH will strengthen the reporting mechanism by promoting more transparency and providing data to the Government, including NITI Aayog”.

4.37 The Committee asked whether the zero allocation for the Post Devolution Revenue Deficit (PDRD) Grant in the FY 2026–27 budget implies a projected fiscal surplus for all States or a deliberate move to enforce fiscal discipline by removing safety nets. They also inquired how the Department intended to prevent a surge in off-budget borrowings by States that have historically relied on these funds. The following written response has been submitted by the Department:-

“Department of Expenditure (Demand No.42-Transfer to States)

The 16th Finance Commission (16th FC) assessed the State finances, focusing on Tax revenues, Committed expenditure and Discretionary expenditure. 16th FC observed that revenue deficit grants have not led to the adoption of policies towards the reduction of revenue deficit. States have not implemented necessary fiscal reforms, such as rationalizing subsidies, improving tax administration, or curbing revenue expenditures. 16th FC highlighted that over the time allocation of

Revenue Deficit grants to States softens fiscal discipline and embeds dependency rather than resilience. Therefore, in continuation of the diminishing trend of the revenue deficit grants recommended by the 15th Finance Commission, which reduces to a near zero level by 2025-26, the 16th Finance Commission has not recommended any revenue deficit grants to States.

To prevent circumvention of debt limits and promote transparency in reporting fiscal deficit, from the financial year 2021-22 onwards, the Off-Budget Borrowings (OBBs) raised by States through the States Owned Entities, where the principle or interest or both are borne by the state government, are also treated as borrowings of the State Governments while granting consent for borrowing under Article 293(3) of the Constitution of India.

Department of Economic Affairs

Allocations under the Revenue Deficit Grants are based on the recommendations of the Finance Commissions. The Sixteenth Finance Commission (FC-16) has not recommended any revenue deficit grants (RDGs) to States for the 2026–31 award period”.

Demand No. 31 - Department of Expenditure

4.38 Proposed BE 2026-27 in respect of Demand No. 31 – Department of Expenditure was Rs.562.49 crore. However, Budget Division, DEA has given the Ceilings of BE is Rs.525.53 crore. The funds will be allocated in different object heads as per the ceiling given by DEA. The expenditure in different heads would be curtailed accordingly.

4.39 Fund allocation and utilization for the last three Financial Years for the grant is as under:

(in Crore of Rs.)

Year	Budget Estimates	Budget Estimates + Supplementary	Revised Estimates	Actual Expenditure	Funds Surrendered	% of Actual Exp. w.r.t. RE
2023-24	517.34	517.36	469.04	429.24*	88.12	91.51
2024-25	504.14	545.37	530.93	487.07*	58.30	91.74
2025-26	603.83	603.83	510.87	303.91**	--	

*Actual Expenditure from Appropriation Accounts Stage-III (O/o CCA Finance)

**Provisional Expenditure upto 11th January, 2026

4.40 Details of allocation under Quarterly Expenditure Plan (QEP); actuals, actual as % of QEP along with reasons for deviations (if any) during the last three years:-

(Rs.in crore)

Financial Year	Period	QEP	Actuals	Actuals in % w.r.t. QEP	Reasons
2023-24	QEP-1	129.34	114.81	88.77	Less expenditure due to non-procurement of IT and office equipment.
	QEP-2	108.64	99.42	91.51	Less expenditure due to non-procurement of IT and office equipment.
	QEP-3	108.64	87.71	80.73	Less expenditure due to non-procurement of IT and office equipment.
	QEP-4	170.72	127.30	74.57	The major reasons for savings are non-Filling up of vacant posts, delay of construction of proposed sub-station and Mission Karmayogi Lab. Further. saving was due to non-completion of procurement of Microsoft Licenses, Storage Devices and non- payment of amount for Blade Servers.
2024-25	QEP-1	126.03	111.09	88.15	Less expenditure due to non-procurement of IT and office equipment.
	QEP-2	105.87	98.66	93.19	Less expenditure due to non-procurement of IT and office equipment.
	QEP-3	105.87	112.27	106.05	...
	QEP-4	166.37	165.05	99.21	...
2025-26	QEP-1&2	277.76	194.95	70.19	Less expenditure due to non-procurement of IT and office equipment.
	QEP-3	126.81	95.56	75.36	Less expenditure due to non-procurement of IT and office equipment.
	QEP-4	199.26

Utilization Certificates (UCs) (Demand No.42 – Transfer to States)

4.41 The Committee desired to know the Department of Expenditure's stance on the over 37,000 pending utilization certificates (UCs) valued at ₹2.72 lakh crore, specifically questioning what strict financial penalties will be imposed on states that fail to provide proof of expenditure for more than two years. Furthermore, noting that the reduction in the states' share of combined transfers from 68% to 64% during the 15th Finance

Commission has not hampered spending flexibility, the committee sought clarity on whether any changes are being planned for Central Sector Schemes to grant states greater autonomy in utilizing central funds. In this regard, the Department of Expenditure has submitted the following written response:-

“The submission of Utilization Certificates (UCs) is governed by the provisions of the General Financial Rules 2017, which require that funds released by the Government of India be supported by UCs confirming that the funds have been utilized for the intended purpose. The responsibility for submitting UCs rests with the implementing agencies and the respective State Governments.

The Department of Expenditure regularly monitors the pendency of Utilization Certificates through available financial management systems and review mechanisms. As per the rules, further release of funds under a scheme is generally contingent upon the receipt of due Utilization Certificates for earlier releases. Accordingly, if UCs remain pending beyond the prescribed period, subsequent releases of funds may be withheld or regulated until the required certificates are furnished. Moreover, the Department of Expenditure has designed and implemented the facility of e-UCs in PFMS to further facilitate submission of UCs and further improve monitoring of their pendency.

The Government periodically reviews Centrally Sponsored Schemes (CSS), and based on the experience gained during implementation, appropriate changes are made in the design and guidelines of these schemes to improve their effectiveness and address the concerns of States, including issues related to flexibility in utilization of funds.

The tax devolution ratio recommended by the Sixteenth Finance Commission continues to be 41 percent, the same as recommended earlier by the Fifteenth Finance Commission, thereby maintaining a significant share of the divisible pool of central taxes for the States. The State governments have full flexibility in utilization of these Funds.

Further, under the Scheme for Special Assistance to States for Capital Investment (SASCI), the Government provides financial assistance to States which can be utilized by them across sectors based on their developmental priorities, thereby offering additional flexibility in the use of central funds”.

Demand No. 33 - Department of Public Enterprises

4.42 The proposed and sanctioned budgetary grants for RE 2025-26 and BE 2026-27 for Scheme, Non-Scheme and Capital Outlay are as under:

Rs. In Thousand				
Item	Proposed RE 2025-26	Sanctioned RE 2025-26	Proposed BE 2026-27	Sanctioned BE 2026-27
Scheme	99000	64900	121600	67500
Non-Scheme	228277	202000	240804	221900
Capital Outlay on (GES)-5475	7530	5700	10470	6600
Total	334807	272600	372874	296000

Scheme

- Department proposed Rs. 99000 thousand in RE-2025-26 and Rs. 121600 thousand in BE 2026-27. Ministry of Finance approved Rs. 64900 thousand in RE-2025-26 and Rs. 67500 thousand in BE 2026-27. [3(F) of Replies]

Non-Scheme

Department proposed Rs. 228277 thousand in RE-2025-26 and Rs. 240804 thousand in BE 2026-27. Ministry of Finance approved Rs.202000 thousand in RE-2025-26 and Rs.221900 thousand in BE 2026-27.

Capital Outlay on (General Economic Services)-5475

Department proposed Rs.7530.00 thousand in RE-2025-26 and Rs. 10470.00 thousand in BE 2026-27. Ministry of Finance approved Rs. 5700.00 thousand in RE-2025-26 and Rs. 6600.00 thousand in BE 2026-27.

Vacancies

4.43 With regard to the details of vacancies of CMD/Independent Directors that remained vacant for more than six months and mechanism to ensure that the vacancies are filled at the earliest to ensure governance is not compromised, the Department of Public Enterprises has stated the following in their written submission:-

“As per information available in DPE, the list of CPSEs having the vacancy of CMD/MD (under additional charge) as on 16.02.2026 is attached.....

List of CPSEs having the vacancy of MD/CMD's (under additional charge) as on 16.02.2026

Sl. No.	Name of CPSE
1	Bengal Chemicals & Pharmaceuticals Ltd.

2	Bharat Petroleum Corpn. Ltd.
3	Bharat Sanchar Nigam Ltd.
4	Biotechnology Industry Research Assistance Council
5	Braithwaite & Co. Ltd.
6	Central Cottage Industries Corpn. Of India Ltd.
7	Central Electronics Ltd.
8	Cochin Shipyard Ltd.
9	Eastern Investment Ltd.
10	Edcil (India) Ltd.
11	Electronics Corporation of India Limited
12	Handicrafts & Handloom Exports Corp. Of India Ltd.
13	Heavy Engineering Corpn. Ltd.
14	Hemisphere Properties India Ltd.
15	Hindustan Prefab Ltd.
16	Hindustan Salts Ltd.
17	Hindustan Shipyard Ltd.
18	Hindustan Steelworks Costn. Ltd.
19	HLL Infra Tech Services Ltd.
20	HLL Lifecare Ltd.
21	HMT (International) Ltd.
22	HMT Ltd.
23	HMT Machine Tools Ltd.
24	HSCC (India) Ltd.
25	Indian Drugs & Pharmaceuticals Ltd.
26	Indian Medicines & Pharmaceutical Corpn. Ltd.
27	Instrumentation Ltd.
28	Jammu & Kashmir Development Finance Corporation Ltd
29	Kolkata Metro Rail Corporation Ltd.
30	M M T C Ltd.
31	Mahanagar Telephone Nigam Ltd.
32	National Handicapped Finance & Devpt. Corpn.
33	National Projects Construction Corpn. Ltd.
34	National Seeds Corpn. Ltd.
35	National Textile Corpn. Ltd.
36	Newspace India Ltd.
37	North Eastern Electric Power Corporation Ltd.
38	Northern Coalfields Ltd.
39	NTPC Green Energy Limited
40	Orissa Mineral Development Company Ltd.
41	Pawan Hans Ltd.
42	Projects & Development India Ltd.
43	Rajasthan Drugs & Pharmaceuticals Ltd.
44	Rashtriya Ispat Nigam Ltd.
45	Richardson & Cruddas (1972) Ltd.
46	Sambhar Salts Ltd.

47	SJVN Ltd.
48	Telecommunications Consultants (India) Ltd.
49	THDC India Ltd.
50	The Bisra Stone Lime Company Ltd.
51	The Jute Corpn. Of India Ltd.
52	Western Coalfields Ltd.
53	Yantra India Limited

Vacancy Position of Non-Official Directors (NoDs)/ Independent Directors (IDs) as on 13th February, 2026 is as under:

Vacancy Position of Non-Official Directors (NoDs)/ Independent Directors (IDs) on the Boards of CPSEs as on			
CPSEs (Nos)	Independent Directors Required	In Position	Vacancy
177	758	225	533

As per extant guidelines, pending appointment of a regular incumbent under extant procedures, additional charge of the post of MD/CMD is assigned to a suitable senior officer to ensure continuity of management.

It is informed that as per the extant guidelines, appointment of Non-official Directors on the Boards of CPSEs are initiated by concerned administrative Ministry. DPE process and places such proposals before Search Committee and recommendations of Search Committee are conveyed by DPE to concerned administrative Ministry for further necessary action for appointment.

Selection of CMDs/Functional Directors is done by PESB and appointment is processed by concerned Administrative Ministry/Department. There is no role of DPE in the selection and appointment of CMD/Functional Directors of CPSEs.

Professionalization of Boards

4.44 To achieve "Strategic Indispensability," CPSEs need to become global players. The Economic Survey(2025-26) emphasizes upskilling and reskilling the state machinery to "play a different game". When the Committee asked to clarify as to can the DPE's push for "Professionalization of Boards" overcome the "State Capability" gap

in managing complex global operations, the following written submission has been made by the Department:-

“Department of Economic Affairs

The Economic Survey defines state capacity as the ability of the government to “get the right things done” that is, to design policies, implement them, and deliver on commitments under conditions of uncertainty. It emphasises that capability depends on institutional design, clarity of responsibilities, outcome ownership, and learning capacity, especially as policy challenges become more complex.

Initiatives such as professionalization of boards are consistent with the Survey’s emphasis on strengthening organisational depth, aligning expertise with evolving functional needs, and improving execution in complex environments. As the chapter notes, state capability improves when roles are clearly structured, accountability is visible, and institutions are equipped to act with judgment under uncertainty.

Department of Public Enterprises

While CPSE Boards are already professional, appointed by Public Enterprises Selection Board following through the rigorous process. The Boards are vested with defined financial, operational and administrative autonomy. They follow well established corporate-governance norms, especially by the CPSEs listed in the stock-markets. Constraint in achieving “strategic indispensability” lies less in formal Board architecture and more in system-level State Capability, as highlighted in the Economic Survey 2025-26, specifically, gaps in strategic ownership by ministries, limited global operating depth in executive pipelines, risk-averse ex-post oversight, and weak in-house commercial expertise on complex international investments.

DPE has been supporting DAKSH—the flagship capacity-building and leadership development initiative of the Standing Conference of Public Enterprises—to strengthen professional leadership capacity across CPSEs. In parallel, CPSEs have been directed to institutionalize structured leadership development and succession plans to strengthen organizational capabilities.”

Memorandum of Understanding

4.45 With regard to the technological modernisation of the MoU negotiation process, the Committee has sought details on the specific funding allocated to align performance metrics with market-driven disinvestment goals, especially in the absence of a clearly funded roadmap for the revival or structural closure of underperforming Public Sector Enterprises (PSEs). The Department of Public Enterprises has submitted the following written reply:-

“DPE's MoU framework is structured to align the performance evaluation of CPSEs with their core business objectives and sectoral priorities. It focuses on key operational and financial parameters to ensure that performance assessment reflects the enterprise's primary mandate, efficiency, and contribution to overall organizational goals”.

Demand No. 34 - Department of Investment and Public Asset Management

4.46 Project demand (2026-27) by DIPAM *vis-à-vis* allocation made by the Ministry of Finance; impact, if any, due to lesser allocation and proposed plan of action to meet the shortfall.

Projected Demand 2026-27

		Revenue Section		Proposed Plan of action to meet the shortfall
		Proposed BE 2026-27	Approved BE 2026-27	
1	Salaries	85,000	80,500	The Department will undertake economic measures to meet the expenditure requirements on which the Budget Estimates (BE) for 2026-27 were proposed. In case these expenditure demands are not fully met, the Department will have the
2	Rewards	645	400	
3	Medical Treatment	5,000	4,000	
4	Allowances	70,000	70,000	
5	Leave Travel Concession	2,000	2,000	
6	Training Expenses	2,250	2,250	
7	Domestic Travel Expenses	3,500	3,500	
8	Foreign Travel Expenses	38,000	36,000	
9	Office Expenses	52,200	51,818	
10	Printing and Publication	400	400	
11	Rent for Others	13,800	13,800	
12	Digital Equipment	7,000	5,000	
13	Fuels and Lubricants	1,200	800	
14	Advertising and Publicity	43,600	19,800	
15	Minor Civil and Electric Works	500	500	
16	Professional Services	333,600	240,000	

17	Repair and Maintenance	6,000	6,000	option to address them at the Revised Estimates (RE) stage. Additionally, if required, the Department may resort to re-appropriation and supplementary grants to ensure that expenditure needs are adequately covered.
18	Other Revenue Expenditure	500	500	
Swachhta Action Plan				
19	Rewards	132	132	
20	Office Expenses	5,300	5,000	
21	Repair and Maintenance	1,000	100	
Capital Section				
22	Motor Vehicles	100	1,000	
23	Machinery and Equipment	2,000	2,500	
24	Other Capital Expenditure	100	100	
25	Information, Computer, Telecommunications (ICT) equipment	10,000	10,000	
26	Furniture & Fixtures	700	2,900	
27	Other Fixed Assets	100	200	

4.47 During oral evidence held on 2.3.2026, Secretary, DIPAM deposed before the Committee as follows:-

“On the receipt side, Sir, we are responsible for bringing in non-tax resources to the consolidated fund. In the current year, 2025-26, on the revenue side, we had a target of Rs. 69,000 crore for dividends and shares of profits. Sir, I am happy to announce that we are fully on course to achieve our BE target. On the capital receipt side, we have a target of Rs.47,000 crore as for 2025-26 BE, which includes both traditional disinvestment and asset monetization. Sir, we are also on course to achieve this by the end of the current financial year.

For the next year, our targets are more ambitious. In 2026-27, as per BE, on the revenue receipt side, our target is Rs. 75,000 crore and on the capital receipt side, our target is Rs. 80,000 crore. These are very ambitious targets. We will do our best, work hard to achieve this”.

4.48 With regard to CPSEs complying with the mandatory dividend guidelines, DIPAM has submitted their written replies as follows:-

“Capital Management and Fair Dividends

In order to address the needs of CPSEs for fresh investment, by leveraging their assets, besides taking care of their capital restructuring needs, comprehensive

guidelines were framed by DIPAM in 2016. DIPAM further issued Revised Guidelines on Capital Restructuring of CPSEs on 18.11.2024, which better aligned it with the Government's CapEx policy as outlined in the budget, better reflects the evolving market conditions and up-to-date regulatory changes. Consistent Dividend Policy was also framed by DIPAM in November 2020 for ensuring predictability in dividend pay-out by the companies and ensuring sustained interest by the minority shareholders.

Dividends from Central Public Sector Enterprises (CPSEs) constitute an important component of the Government's non-tax receipts. In supersession of the earlier guidelines, it has been decided that every CPSE shall pay a minimum annual dividend of 30% of Profit After Tax (PAT) or 4% of Net Worth, whichever is higher, subject to any ceiling prescribed under applicable legal provisions.

The above minimum dividend serves as a benchmark. CPSEs are encouraged to strive to pay higher dividends after taking into consideration relevant factors such as profitability, capital expenditure requirements (with due leverage planning), cash reserves, and net worth position.

All matters relating to capital management or restructuring of CPSEs are presently examined by the Inter-Ministerial Committee constituted for this purpose, namely the *Committee for Monitoring of Capital Management and Dividend by CPSEs (CMCDC)*, chaired by the Secretary, Department of Investment and Public Asset Management (DIPAM).

CPSEs by and large adhere to the Capital Restructuring and Dividend guidelines. In cases where a CPSE is unable to comply with the prescribed guidelines, it seeks a specific exemption from DIPAM, through its Administrative Ministry/Department, within the same financial year. Such proposals are considered by the CMCDC, and exemptions are granted by the Committee depending on merits of the case."

Disinvestment Targets to Value Maximization

4.49 According to Economic Survey (2025-26), recent years have seen a shift away from purely meeting fiscal targets through stake sales toward improving the operational performance of CPSEs. Further, improved dividends from CPSEs and the RBI (₹2.68 lakh crore in FY26) have become a stable source of non-tax revenue. When the Committee asked as to how has DIPAM's strategy evolved from "Disinvestment Targets" to "Value Maximization" of Central Public Sector Enterprises (CPSEs), the Department has stated the following in their written replies:-

“DIPAM

Disinvestment is an ongoing process, and execution/completion of specific transactions hinges upon market conditions, domestic and global economic outlook, geopolitical factors, investor interest and administrative feasibility. In light of the lessons learnt over the past ten years, the government has now moved away from budget target oriented and purely revenue centric approach of disinvestment, instead focusing more on transactions which are feasible and aligned to economic and market realities/conditions.

Value Creation in CPSEs – A Holistic Public Asset Management Strategy

Government has evolved a holistic public asset management strategy which balances the twin objectives of value creation and value unlocking in the CPSEs to optimize returns for the Government as well as the minority stakeholders in our listed companies. As part of this strategy, CPSEs are being driven to create value for itself, its employees, its shareholders, and the broader economy. The following are the main pillars of this strategy:

i) Performance of CPSEs: Several key performance indicators have been included in the annual MOU framework of the CPSEs on which the companies are evaluated. Some of the key performance parameters include CapEx, return on net-worth, return on capital employed, export and import as % of revenue, EBIDTA as % of revenue and the asset turnover ratio. Market related parameters like total returns to shareholders based on the market cap of CPSE vis-à-vis the market cap of sectoral index, dividend payout as per capital management guidelines etc., have been included in the MOU framework for the listed companies.

(ii) Focus on Capex: CPSEs are encouraged to take up CAPEX to achieve profitable growth in their business. Today, the CPSEs, put together, undertake capital investment of more than Rs. 3 lakh crore annually from their internal resources without any budgetary support. Such large Capex creates further growth opportunities and further employment.

(iii) Returns to Investors: These guidelines ensure consistent dividend pay-out as thirty percent of profit after tax, or 4 percent of net worth, whichever is higher, in addition to other capital management measures like buybacks, bonus, stock-split etc. Revised Guidelines on Capital Restructuring of CPSEs have been issued on 18.11.2024 to better align corporate policy with the market realities and the requirements of the CPSEs, while ensuring fair return to the minority shareholders.

(iv) Calibrated Disinvestment: Calibrated disinvestment strategy is being followed through listings/ IPO of companies, gradual dilution of minority stake through the

stock market keeping in mind the interest of minority shareholders. This calibrated strategy has enabled CPSEs to improve their efficiency and become an important player in the capital market today. The calibrated disinvestment strategy has ensured that transactions, whenever carried out, remain aligned to the overall direction of the market. This has led to enhanced value of the CPSEs while ensuring returns to the shareholders.

- Prudent capital management policies have seen the market cap and price of CPSE stocks rise significantly over the past few years, creating tremendous value for the investors holding these stocks. Total market cap of listed CPSEs has grown by nearly 3.5x in last four years from Rs 12.10 lakh crore (on 31.03.2021) to Rs 42.76 lakh crore (on 12.02.2026). Market cap of Govt equity in listed CPSEs has also increased by 3.5x from Rs 6.91 lakh crore (on 31.03.2021) to Rs 24.26 lakh crore (on 12.02.2026). It is also evident that a calibrated disinvestment strategy and prudent capital management policy for CPSEs have not only enhanced value for shareholders, but also ensured their enthusiastic participation in the disinvestment programme leading to success of the IPOs and OFS transactions.
- Bharat Bond ETF comprising of AAA rated CPSEs, was launched in December 2019, which was the first instrument of its kind based on high-quality public-sector bonds. So far, four Tranches have been launched from which Govt of India has realized Rs. 32,400 crore. All tranches received huge response from all sections of investors particularly retail investors. Bharat Bond ETF has given opportunity to retail investors to access bonds with smaller amount (as low as Rs. 1,000) while helping CPSEs to mobilize debt at a reduced cost. Bharat Bond ETF also helped in deepening our bond markets. Asset Under Management (AUM) for the Bond ETF has grown to Rs 59,312 (as of Jan 2025), of which about 98% is accounted for by the Bharat Bond ETF.

DEA – Economic Division

The Economic Survey 2025-26 has noted that the improved performance of Central Public Sector Enterprises (CPSEs) has also contributed to the growth in the Centre's non-tax revenues. Between FY20 and FY25, the gross turnover per CPSE increased by approximately 32 per cent, while net profits and dividends per CPSE went up by 174 per cent and 69 per cent, respectively (Table II.3), reflecting operational efficiency.”

4.50 Given the past performance, the Committee asked about the roadmap for achieving the disinvestment target of ₹80,000 crore in 10 years and possible fiscal projections if they are not realized, the DIPAM has submitted the following written submission: -

“The disinvestment target is fixed after a detailed assessment of the disinvestment proceeds in pipeline, market conditions, and fiscal planning. Here, it is also like to mentioned that during the FY 2017-18, 2018-19 & 2019-20 an amount of Rs. 1,00,037 crore, Rs.84,972 crore & Rs. 50,300 crore has been realized as proceeds from disinvestment.

Further, this amount proportion is relatively small, approximately 1.5% of total expenditure. Therefore, even if the target is not met, the fiscal impact is very limited and typically managed through marginal adjustments in the receipt and expenditure plan through re-appropriation of funds”.

Asset Management and Asset Monetization

4.51 During oral evidence held on 2.3.2026, when the Committee asked about the key policy priorities and initiatives of the Ministry of Finance and a clear picture of the strategic direction guiding our public asset management, privatization and CPSE restructuring in the coming year, the Department has submitted the following post-evidence written replies:-.

“The Key policy priorities of Government for public asset management is:

1. Promote people’s ownership of Central Public Sector Enterprises to share in their prosperity through disinvestment.
2. Efficient management of public investment in CPSEs for accelerating economic development and augmenting Government’s resources for higher expenditure

Government carries out disinvestment through Strategic Disinvestment/Privatization and Minority Stake Sale in CPSEs

The New Public Sector Enterprise (PSE) Policy 2021 for Atma Nirbhar Bharat, provides overall guidance on strategic disinvestment. The New PSE policy delineates four Strategic sectors based on the criteria of national security, energy security, critical infrastructure, provision of financial services and availability of important minerals. Bare minimum presence of the existing public sector commercial enterprises will be retained under Government control in the strategic sectors. The remaining will be considered for privatization or merger or subsidiarization with another PSE or for closure. All PSEs in non-strategic sectors shall be considered for privatization, where feasible, otherwise such enterprises shall be considered for closure.

Minority Stake Sales are carried out without transfer of management control through various SEBI-approved methods like Initial Public Offer (IPO), Offer for Sale (OFS), Buyback of Shares etc.

In order to maximise value creation and returns to Government and other shareholders, DIPAM has issued Capital Restructuring guidelines in 2024 in matters relating dividend, bonus shares, buy back etc.”

4.52 The Budget 2026-27 continues to emphasize "Recycling of Assets" to fund new greenfield projects. DIPAM manages the monetization of non-core assets like surplus land. Regarding the role of "National Land Monetization" and Asset Monetization pipeline play in funding the "Viksit Bharat" infrastructure goals, the Department of Public Enterprises (DPE) has submitted the following written replies”-

“National Land Monetization Corporation (NLMC), as a 100% Gov-owned company, has been incorporated on 03.06.2022 under the administrative control of the Department of Public Enterprises, Ministry of Finance to carry out the monetization of non-core assets (land & building) of CPSEs as well as other Government agencies. NLMC's core mandate is to identify, manage, and monetise surplus or under-utilised land and non-core assets owned by Central Public Sector Enterprises (CPSEs) and other government agencies.

By monetizing such assets, often land parcels, NLMC helps unlock substantial financial value that was previously "locked" in idle government holdings. The revenue generated from these monetisation efforts can then be directly/ indirectly channelled into public spending. including funding infrastructure and other development priorities under the Viksit Bharat vision. While NLMC does not directly invest in infrastructure projects, the funds it releases boost the overall fiscal resources available to the government for development spending.

Till date, NLMC has monetized non-core assets (Land & Building) of Rashtriya Ispat Nigam Limited (RINL) having value of 242.88 Cr. in the financial year 2023-2024, and 226 Cr. of Bharat Sanchar Nigam Limited (BSNL) in the FY 2024-25. Further, as on date in the Financial Year 2025-26 six Land parcels (five of BSNL and one of MTNL) have received final approval of the competent authority for monetization.

2. Further, Asset Monetization Pipeline which is commonly known as National Monetization Pipeline is being monitored by NITI Ayog.”

4.53 When the committee asked about the acceleration of CPSE real asset recycling, they specifically sought a strategy for ensuring transparent, controversy-free valuations of prime land, clarity on the regulatory hurdles delaying the IDBI Bank sale, and the legal framework intended to maintain government control if equity falls below 51 percent, the DIPAM has submitted written response as under:-

“The Budget announcement proposes to accelerate the recycling of significant CPSE real estate assets through the setting up of dedicated REITs. Over the years, REITs have emerged as a successful instrument for asset monetisation, enabling capital to be unlocked from completed, income-generating commercial assets and redeployed into priority public investment-particularly infrastructure creation and improvement in urban service delivery. This is especially relevant because a large share of public sector office space is owned by CPSEs and is located in prime areas, often carrying high embedded land and location value, with strong underlying market demand for comparable commercial space. However, in many cases, self-occupation or non-standard leasing arrangements constrain monetisation because cashflows are not structured as arm’s-length, benchmarked rentals that can be transparently valued by investors. These assets can potentially be monetised through appropriately structured REIT models, including lease-back arrangements that preserve functional use while creating stable, predictable rental cashflows

The Strategic Disinvestment of IDBI Bank has reached the final stage. Technical and Financial Bids have been received. They are being evaluated as per the prescribed procedure.

The Economic Survey for 2025-26 had made certain suggestions whereby Government’s stake in selected PSEs could be reduced below 51%. This is at an ideation stage and some alternatives have been suggested. It is clarified that no firm decision has been taken in this regard. While reducing stake below 51%, it is possible to retain Government control indirectly through holding companies or other public entities to ensure that our national security and strategic interests are protected”.

4.54 The Committee desired to know why the Department appears hesitant to aggressively list public sector enterprises despite a massive surge in domestic market liquidity, questioning if this delay stems from structural bottlenecks or a lack of market-oriented vision within the leadership of these entities. The DIPAM has submitted the following written reply:-

“Disinvestment is an ongoing process, and execution/completion of specific transactions hinges upon market conditions, domestic and global economic outlook, geopolitical factors, investor interest and administrative feasibility. Minority stake sales in various PSEs are carried out based on investor interest and market conditions as per SEBI approved methods and norms such as Initial Public Offer (IPO), Offer for Sale (OFS), Buyback of shares etc. Till date 67 CPSEs have been listed and their total M-cap is Rs. 41.88 lakh crore (as on 06.03.2026).”

4.55 The Committee desired to know the Department's strategy for safeguarding entities that drop below 51 percent government shareholding, specifically questioning how these companies will be protected from hostile takeovers by foreign funds or domestic monopolies once they lose "Government Company" status under the Companies Act. The Committee sought clarification on the legal and corporate governance structures being proposed, such as a "golden share" or indirect control models, to maintain strategic oversight despite a minority equity position. The following written response has been submitted by the DIPAM:-

“The Economic Survey for 2025-26 had made certain suggestions whereby Government’s stake in selected PSEs could be reduced below 51%. This is at an ideation stage and some alternatives have been suggested. It is clarified that no firm decision has been taken in this regard. While reducing stake below 51%, it is possible to retain Government control indirectly through holding companies or other public entities to ensure that our national security and strategic interests are protected.”

4.56 The Committee desired to know whether the current budgetary allocation of ₹55.92 crore and existing staffing levels are adequate for DIPAM to effectively manage the ₹80,000 crore disinvestment target, monitor government equity across 448 CPSEs, and coordinate the rollout of NMP 2.0. The Committee specifically sought data on the sanctioned versus actual strength of officers within the Department and questioned if there are immediate plans to augment capacity to meet these expanded mandates. The DIPAM has submitted the following written reply:-

“The Budget Estimates of Rs. 55.92 crore on the expenditure side is not arbitrary. It is estimated after a detailed assessment of the present requirement of the DIPAM. The estimation under Miscellaneous Capital Receipts (MCR) involved two parts ie (i) disinvestment proceeds and (ii) receipt from asset monetisation. Further, in the Government Budget framework, a provision exists for Revised Estimates (RE) during the mid-year or towards the close of the financial year. These estimates are prepared based on the actual expenditure incurred. If the Department requires additional funds due to unforeseen requirements, it may seek enhanced allocation at the Revised Estimate stage. The current sanctioned versus actual strength of officers in the DIPAM is as under:

Details of Sanctioned Strength of Officers in DIPAM as on 05.03.2026

S.No.	Name of the Post	Sanctioned Strength	Actual Strength	Vacancy
1.	Secretary	1	1	0

2.	Additional Secretary/Joint Secretary/Economic Advisor/Advisor Cost	6	6	0
3.	Director/ Deputy Secretary/Joint Director	22	11	11
4.	Under Secretary/DD	23	15	8
5.	AD/SO	10	8	2
6.	ASO	27	10	17
TOTAL		89	51	38

4.57 To a specific query asked by the Committee as to whether manpower shortage impacting the timely finalization of the CPSES Memorandum of Understanding, the DIPAM has submitted the written reply as follows:-

“The Department of Investment and Public Asset Management (DIPAM) performs functions that require specialized expertise and experience. In order to effectively discharge its responsibilities and meet its targets and objectives, the Department has a sanctioned strength of 89 officers, as indicated in the table below. The matter of filling vacancies in the Department is pursued on a continuous basis with the concerned cadre controlling authorities, namely the Department of Personnel and Training (DoPT), the Department of Expenditure (DoE), and the Department of Economic Affairs (DEA).....”

PART - II
OBSERVATIONS/RECOMMENDATIONS

DEMAND NO. 30: DEPARTMENT OF ECONOMIC AFFAIRS

1. The Committee observe a significant structural paradox in the budgetary allocation for Demand No. 30, where a total allocation of ₹1,31,327.37 crore representing a 62% increase over the original request masks a critical ₹685.11 crore shortfall in the Revenue Section. While the Capital Section received a massive ₹51,098.57 crore surplus, the revenue deficit threatens essential operational costs, including salaries and administration. During evidence, the Secretary, Department of Economic Affairs (DEA), clarified that this lopsided allocation is driven by non-discretionary capital obligations, specifically a ₹68,230 crore provision for the IMF's 16th General Quota Review contingent on an 85% global consent threshold currently at 76.37% and the establishment of a ₹49,600 crore technology-focused National Security Fund to be operated by the Ministry of Defence. The Committee, therefore, recommend that the DEA prioritize bridging the revenue gap at the Revised Estimates (RE) stage to ensure administrative stability and effective governance. Addressing this shortfall is critical not only to maintain uninterrupted functioning of essential services but also to uphold staff morale and institutional efficiency. A timely recalibration of revenue allocations would enable the Department to meet both operational and strategic objectives, ensuring that vital programmes and commitments are executed without disruption.

DEMAND NO. 31 – DEPARTMENT OF EXPENDITURE

2. The Committee note that for BE 2026-27, the Department of Expenditure has been allocated a total of ₹316.10 crore, which stands in stark contrast to the initially proposed requirement of ₹500.75 crore. The Committee observe that the "Salaries" head was significantly reduced to ₹80.50 crore against a proposed ₹85.00 crore, a move that may create severe operational bottlenecks and fiscal strain should the Department successfully fill its existing vacancies during the financial year. Furthermore, the Committee observe that a high pendency of Utilization Certificates (UCs) and the lack of real-time visibility in expenditure often lead to the inefficient "bunching" of funds in the final quarter, which undermines the quality of public spending and strategic financial planning. The Committee, therefore, recommend the absolute and stringent enforcement of "Utilization Certificate" (UC) compliance, advocating for a "No-UC, No-Release" policy to ensure accountability before the disbursement of subsequent central fund installments. The Committee further recommend that the Department aggressively expand the reach of the Public Financial Management System (PFMS) to the "last mile," ensuring seamless integration with state-level treasuries to eliminate time lags in fund utilization reporting. To move beyond mere financial outlays, the Committee recommend that the Department strengthen its "Outcome-based Budgeting" framework and enhance the capacity of internal audit wings across all ministries to ensure that every rupee spent translates into measurable developmental outcomes.

DEMAND NO. 33 – DEPARTMENT OF PUBLIC ENTERPRISES

3. The Committee note a systemic governance deficit across Central Public Sector Enterprises (CPSEs), characterized by a "triple crisis" of leadership vacancies, funding shortfalls, and state capability gaps. As of February 2026, 53 CPSEs, including strategic entities such as Bharat Petroleum Corporation Ltd. (BPCL) and BSNL, are operating without regular Chairmen and Managing Directors (CMDs), relying on temporary "additional charge" arrangements. This crisis in oversight is further acute for Independent Directors, with 533 vacancies against a requirement of 758—a staggering 70% vacancy rate. The Committee observes that the Department's total budget allocation of ₹29.60 crore for BE 2026-27 is heavily skewed toward non-scheme secretariat expenses (₹22.85 crore), leaving a 44% funding gap in the "Scheme" section (Research, Development, and MoU systems). This shortfall directly hampers the "professionalization of boards" and limits the Department's ability to address "system-level State Capability" gaps, specifically the shortage of in-house commercial expertise required for complex international investments.

The Committee further observe that the Memorandum of Understanding (MoU) system, intended as the principal performance management framework, currently suffers from significant deficiencies. Findings from the Committee's 2025 study visits reveal chronic delays in target finalization, "soft target setting" that leads to inflated 'Excellent' ratings, and an over-reliance on short-term financial indicators at the expense of qualitative performance. Furthermore, structural constraints—such as raw material shortages and delayed

modernization—are often incorrectly conflated with workforce productivity, while the absence of dedicated assessment mechanisms for subsidiary companies allows operational inefficiencies to remain obscured.

To address these multi-dimensional challenges, the Committee recommend the following comprehensive measures:

- 1. Fiscal and Structural Reforms: The Ministry of Finance must provide additional budgetary support at the Revised Estimate (RE) stage to fully fund the DAKSH initiative and advanced commercial training for executives. A Zero-Tolerance Vacancy Policy must be implemented, requiring Public Enterprises Selection Board (PESB) selection processes to begin 12 months in advance of a scheduled retirement to ensure seamless transitions and avoid the prolonged use of additional charges.**
- 2. MoU Framework Modernization: The Department of Public Enterprises (DPE) should evolve the MoU system into a Digital Performance Dashboard that mandates "Succession Planning" as a key performance indicator to bridge the "global operating depth deficit." The scorecard must be rebalanced to accord adequate weightage to physical parameters, product quality, and net foreign exchange impact, ensuring that targets are realistic yet sufficiently ambitious to differentiate routine performance from genuine excellence.**
- 3. Operational Flexibility and Oversight: Dividend payout expectations should be reviewed in appropriate cases to allow CPSEs greater flexibility in retaining earnings for R&D and capacity expansion. Additionally, DPE must**

explore mechanisms for closer monitoring of subsidiary companies and ensure that evaluation frameworks distinguish systemic constraints from workforce productivity to maintain fair and objective performance assessments.

By bridging the gap between "formal board architecture" and "system-level state capability," the Government can ensure that CPSEs transition into strategically indispensable global players capable of competing in an increasingly complex and globalized market.

DEMAND NO. 34 – DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT (DIPAM)

4. The Committee note with appreciation the strategic shift from a purely "revenue-centric" disinvestment approach to a holistic Public Asset Management Strategy focused on "Value Maximization." This transition is evidenced by the remarkable 3.5x growth in the total market capitalization of listed CPSEs—from ₹12.10 lakh crore in 2021 to ₹42.76 lakh crore in early 2026—and a 174% increase in net profits per CPSE over five years. While the success of instruments like the Bharat Bond ETF has deepened the domestic bond market, the Committee are of the view that the ₹80,000 crore capital receipt target for FY 2026–27 remains contingent on volatile market conditions. To achieve the broader ₹16.72 lakh crore goal under the National Monetization Pipeline (NMP 2.0), the Department proposes utilizing pooled investment vehicles like InvITs and REITs. The Committee believe these instruments can unlock underutilized financial resources and provide a sustainable mechanism for financing "Viksit Bharat"

infrastructure, provided that the pressure to meet fiscal targets does not lead to the undervaluation of strategic national assets.

The Committee view with deep concern that DIPAM, despite overseeing an ambitious value maximization agenda, has been allocated a modest budget of ₹55.92 crore and is operating with a crippling 43% vacancy rate. Maintaining only 51 officers against a sanctioned strength of 89—with critical shortages at the Director (11 vacancies) and Under Secretary (8 vacancies) levels—severely jeopardizes the Department's ability to execute complex transactions like the IDBI Bank sale or finalize CPSE MoUs. Such significant manpower shortages in a field requiring highly specialized financial and legal expertise undermine the Department's capacity to effectively manage the disinvestment target and the recycling of prime real estate assets.

To address these systemic challenges, the Committee recommend that the Ministry of Finance prioritize the filling of the 38 vacant officer positions on an emergency basis through immediate coordination with the DoPT and the Department of Expenditure. The Committee urge DIPAM to formulate a carefully calibrated roadmap for the rollout of InvITs and REITs, supported by robust valuation safeguards and a transparent oversight mechanism. Furthermore, the Department must finalize a clear legal strategy—incorporating "Golden Share" or indirect control models—to safeguard strategic autonomy in entities where state shareholding may drop below 51%. Finally, the MoU framework must be evolved into a high-performance tool that mandates "Succession Planning" and ensures that the push for dividend revenue does not starve CPSEs of the internal accruals

necessary for their ₹3 lakh crore annual CapEx targets, which are essential for long-term profitable growth.

DEMAND NO. 38 – INDIAN AUDIT AND ACCOUNTS DEPARTMENT

5. The Committee note that for the year BE 2026-27, the Department projected a requirement of ₹9,923.26 crore, but received an allocation of ₹6,834.28 crore, leaving a significant gap of ₹3,088.98 crore. The Committee observe that while the Revenue section is mostly covered, the shortfall heavily impacts the Capital Section (allocated ₹192.50 crore against a demand of ₹2,277.81 crore), which is critical for office and residential infrastructure for staff. The Committee, therefore, recommend that the Ministry of Finance reconsider the capital allocation at the RE stage to prevent the stalling of essential infrastructure projects. The Committee further recommend that the Department utilize its allocated funds to prioritize the integration of advanced data analytics and forensic auditing tools, ensuring that the oversight of increasingly complex digital government expenditures remains robust despite the budgetary constraints.

APPROPRIATION NO. 39 – INTEREST PAYMENTS

6. The Committee note that for BE 2026-27, the net appropriation for Interest Payments is a staggering ₹14,03,971.19 crore, which represents a significant portion of the total Union Budget. The Committee observe that this includes ₹13,68,078.36 crore for interest on Internal Debt and ₹35,892.83 crore for External Debt, reflecting the growing cost of servicing the national debt in a volatile global interest rate environment. The Committee, therefore, recommend that the Department of Economic Affairs work closely with the RBI to optimize the borrowing calendar and explore innovative debt-reduction strategies to lower the

interest burden over the medium term. The Committee further recommend enhancing the "Debt Management Strategy" to shift towards longer-maturity profiles, thereby reducing refinancing risks and freeing up revenue for productive capital investments. The Government should endeavour to move towards balanced budget in the long term.

APPROPRIATION NO. 40 – REPAYMENT OF DEBTS

7. The Committee note that the BE 2026-27 for the Repayment of Debt is allocated at ₹95,34,445.88 crore (Gross), which includes ₹94,59,383.97 crore for Internal Debt and ₹75,061.91 crore for External Debt. The Committee observe that a large portion of this repayment is technical in nature, involving the discharge of short-term instruments like Treasury Bills and Ways and Means Advances. The Committee, therefore, recommend the establishment of a more formalized "Sinking Fund" to manage the redemption of long-term bonds systematically. The Committee further recommend that the Department maintain high levels of transparency regarding "Off-Budget" liabilities to ensure the market has an accurate view of the total repayment obligations, thereby maintaining the stability of the sovereign credit rating.

DEMAND NO. 41 – PENSIONS

8. The Committee note that the BE 2026-27 allocation for Pensions stands at ₹1,01,500.00 crore, which is slightly less than the projected demand of ₹1,01,767.00 crore. The Committee observe that with approximately 40,000 new pensioners added annually, the pressure on this demand is continuous, especially with the introduction of the Unified Pension Scheme (UPS) and its

associated reserve fund requirements. The Committee, therefore, recommend that the Department conduct a periodic actuarial valuation to ensure that the budgetary provisions are sufficient to meet the escalating long-term liabilities. The Committee further recommend the full digitalization of pension processing through the "Integrated Financial Management System" to eliminate delays in the "Pension Payment Order" (PPO) issuance for retiring employees.

DEMAND NO. 42 – TRANSFERS TO STATES

9. The Committee note that the total allocation for BE 2026-27 under this demand is ₹2,88,866.56 crore, which encompasses Finance Commission Grants and other essential transfers. The Committee observe that the Sixteenth Finance Commission has not recommended any Revenue Deficit Grants (RDGs) for the 2026–31 period, signifying a major shift in the framework for performance-based incentives and resource distribution. Furthermore, the Committee observe that Off-Budget Borrowings (OBBs) by States are now strictly treated as their own borrowings under Article 293(3) of the Constitution. The Committee also observe an urgent need for the timely release of performance-linked and local body grants to prevent a liquidity crunch at the third tier of governance and ensure that regional development projects are not stalled by administrative delays. The Committee, therefore, recommend that the Department strictly align fund releases with the Finance Commission's recommendations while prioritizing the reduction of time lags between the sanction and the actual transfer of funds for Centrally Sponsored Schemes. The Committee further recommend the establishment of a robust monitoring mechanism to ensure that "untied grants" are effectively

leveraged by States for sustainable infrastructure, thereby maintaining the spirit of cooperative federalism and balanced regional growth. Additionally, the Committee recommend that the Department maintain a stringent vigil over State OBBs to ensure regional fiscal discipline and uphold national debt sustainability, ensuring that all financial transfers translate into tangible ground-level outcomes.

KEY ISSUES

SME AND INFRASTRUCTURE DEVELOPMENT

10. The Committee note with appreciation the Government's strategic focus on capital expenditure as a primary driver of growth, particularly through the India Semiconductor Mission (₹76,000 crore), the IndiaAI Mission, and the NIIF's mobilization of global capital for critical infrastructure. However, the Committee observe significant disparity between the ambitious ₹10,000 crore SME Growth Fund announcement and the actual budgetary allocation of only ₹500 crore, a gap that risks a protracted 20-year rollout instead of providing the immediate equity support required to create "future champions." Furthermore, while the introduction of the Infrastructure Risk Guarantee Fund (IRGF) is a positive step toward improving bankability, the Committee observe a critical stagnation in frontier technology funding and a compelling need to bridge the technology gap in AI and data centers—sectors that now dictate global geopolitical and economic strength. Structural challenges, including high capital intensity, dependence on imported equipment, and relatively low national R&D expenditure, continue to constrain the outcomes of these high-priority missions.

To address these imbalances, the Committee recommend that the Department of Economic Affairs immediately finalize the structural parameters of the SME Growth Fund to ensure an accelerated funding cycle that aligns with the immediate needs of the MSME sector. The Committee further emphasize the need for a strategic shift in Viability Gap Funding (VGF) to prioritize new-age and social infrastructure, ensuring financial support is actively directed toward sustainable projects rather than being purely demand-driven. To restore investor confidence, the Government must strengthen the PPP ecosystem by leveraging GIFT IFSC as a primary hub for global capital and operationalizing the International Dispute Resolution Centre to provide legal certainty. The Committee also recommend intensified procedural de-bottlenecking and the active incentivization of States through non-monetary concessions—such as technical support and streamlined clearances—to ensure that massive capital investments translate into tangible improvements in domestic technological capability and long-term economic resilience.

INCLUSIVE AND SUSTAINABLE GROWTH

11. The Committee note with appreciation the multi-sectoral reforms aimed at fostering inclusive growth, such as the SWAMIH (Special Window for Affordable and Mid-Income Housing) Fund's delivery of 61,000 homes and the Code on Social Security's formal recognition of gig workers. The Committee also note that the 2026-27 budgetary strategy exhibits a "capital-intensive bias" that may overlook critical structural gaps. Specifically, the emphasis on high-tech AI skilling appears disconnected from the "digital dropout" trend in secondary

education, while the VB-GRAM G (Viksit Bharat-Guarantee for Rozgar and Aajeevika Mission (Gramin)) Act's expansion to 125 days—despite the 60:40 state-funding friction—runs the risk of becoming a permanent distress safety net rather than a bridge to productive urban migration. Furthermore, in the agricultural sector, while the Digital Agriculture Mission and AgriStack provide technological sophistication, they do not fully mitigate the persistent structural hurdles of land fragmentation and the 25% reliance on non-institutional credit that continues to leave small farmers vulnerable to market volatility.

To address these challenges, the Committee recommend that the Department of Economic Affairs move beyond legislative consolidation toward measurable, outcome-oriented implementation of the Care Economy and social security frameworks. This includes ensuring that the mandatory 1-2% aggregator contribution to the Social Security Fund is effectively operationalized to provide portable benefits that actually reach the informal workforce. In education, the Department must ensure that AI modules do not supersede the foundational strengthening of secondary school infrastructure, particularly broadband connectivity under Bharat Net. For rural and agricultural resilience, the Committee urges the Government to incentivize the Farmer Producer Organisation (FPO) model more aggressively to counter land fragmentation and to conduct a formal fiscal impact assessment of GST (Goods and Services Tax) Reforms 2.0. Such an assessment is vital to determine if the transition to a simplified two-rate structure and the rate cuts on essential goods are effectively

stimulating household consumption and supporting MSMEs without creating unsustainable fiscal gaps at the State level.

MACROECONOMIC ISSUES

12. The Committee note that the Union Finance Minister during the presentation of the Budget emphasised three guiding *Kartavyas* for economic policy accelerating and sustaining economic growth through enhanced productivity and resilience to global volatility; fulfilling the aspirations of people by strengthening their capabilities as partners in India's development; and ensuring inclusive access to resources, amenities and opportunities for every family, community, region and sector in line with the vision of Sabka Saath, Sabka Vikas. Against this backdrop, the Committee note with serious concern the potential for a "Triple Whammy" of surging crude prices, market volatility, and maritime delays arising from the West Asian conflict. Based on the scenario analysis provided by the Chief Economic Adviser, while a real GDP growth of 7% to 7.4% and inflation around 2% remain feasible at oil prices up to \$90 per barrel, an escalation toward \$130 per barrel could severely destabilize the fiscal deficit target of 4.3% to 4.4%. Furthermore, the Committee expresses apprehension regarding the global slowdown in Foreign Direct Investment (FDI). The Committee observe that while India's FDI as a percentage of GDP remained stable at approximately 2.2% during 2014–2023—outperforming the global average of 2.1%—the recent tightening of global liquidity and geopolitical shifts necessitate a more aggressive strategy to attract "China Plus One" investment flows into high-value manufacturing and frontier technology sectors.

The Committee further observe a landmark shift in fiscal federalism as the Sixteenth Finance Commission has recommended zero Revenue Deficit Grants (RDGs) for the 2026–31 award period. This decision stems from the observation that RDGs have historically "softened fiscal discipline" and embedded dependency rather than resilience, failing to nudge States toward rationalizing subsidies or improving tax administration. Specifically, the Committee concern about the risks of Fiscal Populism at the State level, where the expansion of non-merit subsidies and "Off-Budget Borrowings" (OBBs) has historically been used to circumvent debt limits. The Committee note that since Financial Year 2021-22, OBBs where the State bears the principal or interest are strictly treated as State debt under Article 293(3) to ensure transparency and curb the distortion of fiscal deficit reporting.

To ensure long-term stability, the Committee recommend that the Department of Economic Affairs develop a Strategic Energy Mitigation Framework to protect the economy from oil shocks exceeding the \$90 threshold. In addition, the Committee emphasize that the rapidly evolving global competition for critical minerals and rare earth elements, which are essential for semiconductors, renewable energy systems, electric mobility, defence technologies, and the development of alternative fuels, requires a coordinated national strategy. The Committee, therefore, recommend that the Government accelerate efforts to secure diversified international supply chains for critical minerals such as lithium, cobalt, and rare earth elements, while simultaneously strengthening domestic exploration, processing, and value-addition capabilities

to support emerging sectors including renewable energy, electric mobility, and alternative fuel technologies.

Regarding investment, the Department must streamline the FDI regulatory framework to counter the global downward trend and ensure India remains a preferred destination for long-term institutional capital. The framework should incorporate sector-specific incentives, including single-window approvals, fast-track clearances for high-value manufacturing and frontier technology projects, and targeted R&D-linked fiscal benefits, to attract and retain institutional investors despite global volatility. Most critically, the Committee recommend that the Department facilitate a "Structural Reform Bridge" to help States transition away from RDGs. This must include a rigorous mechanism to discourage fiscal populism by linking "Special Assistance for Capital Investment" to the successful rationalization of revenue expenditure. By enforcing strict adherence to OBB reporting and promoting fiscal prudence, the Government can ensure that the transition to a post-RDG era strengthens the internal economic fabric of the nation.

STRENGTHENING HOUSING INFRASTRUCTURE FOR THE SECURITIES APPELLATE TRIBUNAL (SAT)

13. Amidst the fiscal adjustments, the Committee also note persistent institutional hurdles at the Securities Appellate Tribunal (SAT) in Mumbai, where the non-availability of Type VIII government accommodation significantly hampers the recruitment of high-level judicial and technical members. The Committee observe, as informed by the Ministry, that the current reliance on "special case" rent-free arrangements and the allocation of Technical Members to

lower-tier Type VI quarters is inadequate for a tribunal of SAT's stature. Consequently, the Committee recommend that the Department formalize a permanent housing solution including the potential for hiring or constructing dedicated quarters that provides residential accommodation strictly commensurate with the status of the Presiding Officer and Members as per the Tribunal (Conditions of Service) Rules, 2021.

New Delhi;
13 March, 2026
22 Phalguna, 1947 (Saka)

Bhartruhari Mahtab
Chairperson,
Standing Committee on Finance

**Minutes of the Twentieth Sitting of the
Standing Committee on Finance (2025-26)**

The Committee sat on Monday, the 02nd March, 2026 from 1100 hrs. to 1350 hrs in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - Chairperson

LOK SABHA

2. Shri Lavu Sri Krishna Devarayalu
3. Shri Kishori Lal
4. Shri Harendra Singh Malik
5. Smt. Sandhya Ray
6. Shri P. V. Midhun Reddy
7. Dr. K. Sudhakar

RAJYA SABHA

8. Shri Narain Dass Gupta
9. Shri Yerram Venkata Subba Reddy
10. Shri S. Selvaganabathy
11. Shri Sanjay Seth

SECRETARIAT

1. Smt. Bharti Sanjeev Tuteja - Director
2. Shri Kuldeep Singh Rana - Deputy Secretary
3. Shri T. Mathivanan - Deputy Secretary

WITNESSES

Ministry of Finance

A. Department of Economic Affairs

1. Ms. Anuradha Thakur, Secretary, DEA
2. Dr. V. Anantha Nageswaran, CEA
3. Sh. Alok Tiwari, JS, DEA
4. Sh. Amit Singla, JS, DEA
5. Sh. Vyas R, JS, DEA
6. Ms. Juhi Mukherjee, JS
7. Ms. Aparna Bhatia, Adviser, DEA
8. Dr. Anuradha Guru, Adviser, DEA
9. Dr. Rosemary K. Abraham, Adviser, DEA
10. Ms. Chandni Raina, Adviser, DEA
11. Mr. Chanchal C. Sarkar, Adviser, DEA

B. Department of Expenditure

1. Sh. V. Vualnam, Secretary, DOE
2. Ms. T.C.A. Kalyani, Controller General of Accounts
3. Mrs. Aastha Saxena Khatwani, Additional Controller General of Accounts
4. Dr. Sajjan Singh Yadav, Additional Secretary (PF State), DoE
5. Smt. Parama Sen, Additional Secretary (Pers.), DOE
6. Sh. Manoj Sahay, Additional Secretary & Financial Adviser (Finance)
7. Ms. Tripti Patra Ghosh, Additional Controller General of Accounts
8. Mrs. Supriya Surendra Devasthali, Joint Controller General of Accounts

C. Department of Public Enterprises

1. Shri K. Moses Chalai, Secretary, DPE
2. Shri Lucas L. Kamsuan, JS, DPE
3. Ms. Kranti E. Khobragade, Director, DPE

D. Department of Investment and Public Asset Management

1. Sh. Arunish Chawla, Secretary, DIPAM
2. Dr. Alok Pande, AS

3. Sh. Manoj Kumar, AS
4. Sh. Naveen Agarwal, JS
5. Sh. Amit Ray, Economic Advisor
6. Sh. Pramod Kumar Saha, Adviser(cost)

2. At the outset, the Chairperson welcomed the witnesses to the Sitting of the Committee and apprised them of the agenda, i.e., examination of the Demands for Grants (2026-27) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Public Enterprises and Investment and Public Asset Management), the main topics for the discussion and the provisions of Directions 55(1) and 58 of the Directions by the Speaker. After the customary introduction of the witnesses, the Chairperson initiated the discussion on the subject.

3. The following major issues, among other things, were discussed during the sitting:

- i. Demand No.30 of the Department of Economic Affairs (DEA) – Revenue-Capital Imbalance; Fiscal Impact of Deferred International Obligations; Centralization of National Security Technology Funding.
- ii. Demand No.31 of the Department of Expenditure – Impact of the 8th Central Pay Commission (CPC); State Fiscal Health and "Parallel" Public Financial Management (PFM) Reforms; Transparency in "Off-Budget" Liabilities.
- iii. Demand No.33 of the Department of Public Enterprises (DPE) – Budget Rationalization and Scheme Consolidation; Optimizing RDCR Outlays for CPSE Strategic Restructuring; The Cost of Discontinued Gold Schemes; Operational Risk and Public Sector Governance.
- iv. Demand No.34 of the Department of Investment & Public Asset Management (DIPAM) – Fiscal Alignment of Marketing and Professional Fees; Asset Monetization and Transactional Accountability; Budgetary Ceilings and Digital Asset Tracking; Disinvestment "Target Fatigue"; Dividend Pressure vs. Capital Formation.

- v. Demand No.38 of the Indian Audit and Accounts Department (IA&AD) – Audit Mobility and Infrastructure Shortfall; Digitization of Training.
- vi. Demand No.42: Transfers to States – Transition to 16th Finance Commission Disaster Funding; Discontinuation of Post-Devolution Revenue Deficit Grants.
- vii. Certain key issues on Union Budget 2026-27 – Women’s Economic Agency & The Care Ecosystem; Child Labour & The "Invisible" Gig Workforce; The Quality of Employment & The Gig Economy; Social Security for the "Missing Middle"; Frontline Workers & The "Volunteer" Paradox; Health Costs: The "Out-of-Pocket" Barrier; Agricultural Diversification vs. Income Security; Rural Work Guarantees & Migration; Climate Displacement & The Social Safety Net Gap; The Skills-AI Mismatch; Cost of Living & The "Basics" Inflation; MSME Resilience: From "Dwarfism" to "Champion" Scale.
- viii. Certain key economic issues – FDI "Dissonance" vs. FPI Volatility; Climate Risk and Financial "Silence"; The "Paradox" of Currency Stability.
- ix. Other topical and systemic issues – Ensuring energy security in Crude Oil of the Country to shield the domestic economy from inflation amid escalating conflict in West Asia; Institutional strengthening measures proposed by Department of Economic Affairs in the Union Budget 2026-27 to support fiscal deficit management under the Fiscal Responsibility and Budget Management (FRBM) Act, 2003; Creation of Infrastructure Risk Guarantee Fund for providing calibrated partial credit guarantees to lenders and enable greater financing for infrastructure projects, essentially to cover the risks in the initial phase of the infrastructure projects, etc.

4. 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, Public Enterprises and Investment and Public Asset Management) to furnish written replies to the points raised by the Members which could not be readily responded to by them during the discussion, by Friday, 06th February, 2026 to the Secretariat.

The witnesses then withdrew.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

* * * * *

**Minutes of the Twenty-Second Sitting of the
Standing Committee on Finance (2025-26)**

The Committee sat on Friday, the 13th March, 2026 from 1500 hrs. to 1530 hrs in Committee Room Samanvya -5, Parliament House, New Delhi.

PRESENT

Shri Bhartruhari Mahtab – Chairperson

LOK SABHA

2. Shri P. P. Chaudhary
3. Shri Rajesh Naranbhai Chudasama
4. Shri Kishori Lal
5. Shri N. K. Premachandran
6. Prof. Sougata Ray
7. Dr. Jayanta Kumar Roy
8. Dr. K. Sudhakar
9. Shri Manish Tewari

RAJYA SABHA

10. Shri Narain Dass Gupta
11. Shri Sanjay Seth
12. Smt. Darshana Singh

SECRETARIAT

- | | | | |
|----|----------------------------|---|------------------|
| 1. | Shri Gaurav Goyal | - | Joint Secretary |
| 2. | Smt. Bharti Sanjeev Tuteja | - | 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) Thirty-Third Report on Demands for Grants (2026-27) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Public Enterprises and Investment & Public Asset Management).
- ii) Thirty-Fourth Report on Demands for Grants (2026-27) of the Ministry of Planning (NITI Aayog).
- iii) Thirty-Fifth Report on Demands for Grants (2026-27) of the Ministry of Statistics and Programme Implementation.

3. After 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.

* * *