

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

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SIX MONTHS OF THE UPA GOVERNMENT

DECISIONS & INITIATIVES

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New Delhi, Agrahayana 02, 1926
November 23, 2004

COMMERCE & INDUSTRY

- Record growth in India's exports which cross US \$ 40 billion in seven months (April – October 2004), an increase of 23.73% as compared to the figure for the corresponding period last year.
- First ever comprehensive Foreign Trade Policy announced. It takes an integrated view of the overall development of India's foreign trade.
- India's interest fully protected in the WTO Framework Agreement.
- FDI inflows into India doubled to US \$ 2.38 billion compared to the corresponding period last year.
- Domestic industrial activity continues to remain buoyant. The first quarter GDP estimates indicate a growth rate of 6.8 per cent for overall industrial output, which is almost one percentage point higher than the growth experienced in the corresponding quarter of the previous year. The Index of Industrial Production (IIP) reveals an aggregate industrial growth of 7.9 per cent for the first half of the year.
- India and the Gulf Cooperation Council (GCC) – comprising the six Gulf countries signed an India – GCC Framework Agreement on Economic Cooperation, marking a new milestone in India's relations with the Gulf countries to give a big boost to commercial and economic ties.

COAL & MINES

- A new initiative of e-auction of coal started to check malpractices in sale of coal to non-core consumers.
- Coal India Ltd. (CIL) reported profit before tax of Rs. 2693.32 crore for May – October, 2004 as compared to Rs. 1078.84 crore for the same period last year.
- Neyveli Lignite Corporation (NLC) reported profit before tax of Rs. 559.36 crore for May – October, 2004 as compared to Rs. 468.35 crore for the same period last year accorded the status of mini-ratna.
- NLC's proposal for expansion of the capacity of Mine-II and Thermal Power Station – II at a cost of Rs. 4192.06 crore approved.
- An Expert Committee constituted for a comprehensive review and recommending a road map for the coal sector in India. The Expert Committee will suggest measures for meeting the demand – supply gap in respect of coal in short, medium and long term.
- Proposal of Punjab Electricity Board to set up a 3.5 million tons per year coal washery in the command area of Central Coalfields Ltd. approved.
- The long pending revision of royalty on major minerals (other than Coal, Lignite and Sand for stowing) and Dead Rent notified.
- Government's prior approval conveyed for granting 10 additional Reconnaissance Permits in Nine States taking the total Reconnaissance Permits granted so far to 175 covering a total area of 2,37,466 sq. kms.
- NALCO's second phase of expansion worth Rs. 4091.51 crore, approved. It would increase NALCO's Bauxite mining capacity to 63 lakh tons from the present 48 lakh tons, of Alumina production from 15.75 lakh tons to 21 lakh tons and of Aluminium production from 3.45 lakh tons to 4.60 lakh tons.
- NALCO earned a net profit of Rs. 598.60 crore during the first half of current fiscal year.
- Hindustan Copper Ltd. (HCL), a loss making PSU turns around with a net profit of Rs. 22.84 crore during May – October, 2004.

CHEMICALS & PETRO CHEMICALS

- With a view to bring down prices of essential drugs, a Committee constituted to review the span of price control including trade margins for medicines. Process of monitoring being strengthened.
- Feasibility report being prepared to revive sick fertilizer units.
- Steps initiated to ensure adequate and timely supply of fertilizers to the farmers.

FINANCE

- The country recorded a current account surplus of nearly US\$2 billion during the first quarter of the current year. Reflecting the growing strength of surpluses in the 'invisible account', which more than neutralized the deficits in the trade account.
- Operationalized the Fiscal Responsibility and Budget Management (FRBM) Act by notifying the rules there under, to bring down the revenue and fiscal deficits, as a proportion of GDP, to 2.5 per cent and 4.4 per cent respectively.
- The rate of interest on Central loans to States has been reduced from 10.5 per cent to 9 per cent with effect from April 1, 2004.
- The Empowered Committee of State Finance Ministers, at its meeting held on June 18, 2004, resolved to introduce the Value Added Tax (VAT) at the State level from April 1, 2005. A Technical Expert Committee to work closely with State Governments for smooth implementation of VAT has also been set up.
- Task Force set up for recommending an action plan to revitalize the cooperative credit system in the country.
- Cabinet approved the proposal for enactment of the Credit Information Companies (Regulation) Bill, 2004 in its meeting held on August 17, 2004. The Bill is proposed to be introduced in the forthcoming Winter Session of the Parliament.
- The monetary ceiling of the cases to be referred to the Lok Adalats, organized by Civil Court was enhanced from Rs. 5 lakh to Rs. 20 lakh with effect from July 12, 2004.
- Banking Regulation (Amendment) and Miscellaneous Provisions Ordinance, 2004 issued.

- During the first six months of the current year, Rs. 53, 590 crore has been disbursed by various institutions against the current year target of Rs. 1,04,5000 crore. Similarly about 30 lakh new farmers have been brought under institutional lending.
- Sponsor Banks have been made accountable for the performance of Regional Rural Banks (RRBs). RRBs that adopted new Governance standard and that abide by the prudential regulations, will qualify for receiving funds from the Government for their restructuring.
- The Rural Infrastructure Development Fund revived with a corpus of Rs.8,000 crore for the year 2004-05, and schemes worth Rs.908 crore have already been sanctioned.
- A Water Harvesting scheme for SC/ST farmers has been introduced with an outlay of Rs 200 crore and a central subsidy of Rs. 100 crore. During the current year Rs. 20 crore is expected to be disbursed.
- A Weather Insurance Scheme, called Varsha Vima Yojna, introduced on a pilot basis in selected districts of Andhra Pradesh, Karnataka, Rajasthan, and Uttar Pradesh, for kharif 2004.
- An Inter-Institutional Group (IIG) of financial institutions comprising IDBI, IDFC, ICICI Bank, SBI, LIC, Bank of Baroda, and Punjab National Bank, has been formed for speedy implementation of infrastructure projects, with particular emphasis on airports, seaports and tourism.
- The Universal Health Insurance Scheme (UHS) redesigned specifically for benefiting those below the poverty line (BPL). The revised premia under the scheme are Rs.165, Rs.248, and Rs.330, respectively, for individuals, a family of five, and a family of seven, respectively. The scheme came into force from September 20, 2004.
- A new Senior Citizens Savings Scheme, offering an interest rate of 9 per cent, introduced.
- The long-term capital gains from securities transactions exempted from income tax. The rate of short term capital gains tax has been reduced to a flat rate of 10 per cent.
- A securities transactions tax (STT) imposed for streamlining tax collections with respect to financial market transactions

- Specific measures taken by the Securities and Exchange Board of India (SEBI) for protecting the interests of small investors by making the primary securities market more scientific, transparent and investor-centric.
- The SEBI has reduced the turnaround time for processing of FII applications for registrations from 13 working days to 7 working days except in the case of banks and their subsidiaries.

HEAVY INDUSTRIES AND PUBLIC ENTERPRISES

- Every effort being made to modernize and restructure sick PSEs and revive sick industry. An amount of Rs. 517 crore as the first tranche of money required for restructuring of 24 ailing PSEs sanctioned.
- The establishment of a Board for Reconstruction of Public Sector Enterprises (BRPSE) approved to address the entire gamut of issues pertaining to revival/restructuring of public sector undertakings.
- Successful profit making Public Sector Enterprises (PSEs) operating to be given full autonomy.
- All privatization proposals to be considered on a transparent and case to case basis. Generally, profit making companies will not be privatized.
- The purchase preference policy extended beyond 31.3.2004 for a further period of one year.
- A review is being done for providing enhanced powers for Navaratna and Miniratna PSEs in an effort to improve their performance in the global competitive environment. Under the enhanced delegation, it is proposed to provide delegation for mergers and acquisitions as also for re-establishment of joint ventures/subsidiaries.
- The Boards of Directors are being professionalised by induction of independent professional directors of repute.
- The system of Memorandum of Understanding (MOU) is being further strengthened by incorporating additional parameters such as measurable Productivity, International Benchmarking, Human Resource Management etc.

HOME AFFIARS

- Centre's support for a four year plan for development and reconstruction of Jammu & Kashmir amounting to Rs.24,000/- crore declared. The plan aims at revitalizing the State's tourism industry, creating new capabilities, generating self-employment opportunities as well as creating new avenues for salaried and professional employment.
- Several developmental programmes and projects taken up in Manipur and Assam, coinciding with the Prime Minister's visit to the two States during November 2004. The programmes and projects include those relating to improvement of road and rail links, launching of irrigation and power projects, electrification of villages, generation of employment and improvement of health as well as education facilities. Construction of a new State capital complex to be taken up in Manipur and the Manipur University to be upgraded to a Central University. Special plan assistance of Rs.240 crore for flood damage repair and infrastructure development in Assam announced.
- Prevention of Terrorism (Repeal) Ordinance, 2004 promulgated to repeal POTA, 2002. Unlawful Activities (Prevention) Amendment Ordinance, 2004 promulgated incorporating provisions for dealing with various facets of terrorism.
- Number of terrorist related incidents in Jammu & Kashmir down to 1102 between June-October 2004 as compared to 1619 in the corresponding period last year. Number of troops deployed in the State reduced.
- Task Force on naxalism constituted to deliberate upon the entire gamut of steps needed to deal with the naxalite situation.
- National Integration Council being reconstituted.
- Assistance of Rs.501.33 crore released to the affected States from the National Calamity Contingency Fund for flood management. Norms amended to enhance quantum of assistance for relief.
- Draft law on communal violence being formulated, Approach paper finalized.
- A five member Committee set up to review the Armed Forces(Special Powers) Act, 1958 to meet aspirations of people of Manipur.

- Tamil declared a classical language. Software for learning Hindi through Kannada, Malayalam, Tamil and Telugu launched.

OVERSEAS INDIAN AFFAIRS

- A new and independent Ministry of Overseas Indian Affairs has been set-up acknowledging the importance of the Overseas Indian Community.
- The Ministry is positioning itself to play an active role as a facilitator for all the proposals and problems of the Overseas Indian community comprising the Persons of Indian Origin (PIO) and Non-Resident Indians (NRI).
- Steps being taken to give effect to initiatives such as dual-citizenship, insurance for workers and redressal of failed NRI marriages.

PETROLEUM & NATURAL GAS

- Significant discoveries of oil and gas made in the North East coast block, Krishna Godavari Deepwater block, Gujarat and Rajasthan block.
- ONGC Videsh Ltd. (OVL), obtained the contract for construction of a petroleum product pipeline in Sudan at an estimated investment of US \$ 200 million. OVL acquired two exploration blocks in Australia and Cote-d'Ivoire. OVL, now has E & P assets in ten countries.
- Consumer protection accorded high priority; petroleum product price increase moderated by twice reducing excise and customs duties and oil PSUs sharing a significant part of the high international prices.
- Construction of Kochi LNG Terminal, undertaken. The capacity of the terminal is proposed to be raised to 5 MMTPA from the earlier plan of 2.5 MMTPA.
- A big diplomatic initiative has been embarked upon to fulfill the objective of energy security by harnessing the expertise of experienced/ eminent persons to obtain interests in oil & gas prospects abroad under this more aggressive approach and to also attract foreign investment in domestic Exploration and Production (E&P).

- Systemic improvements in the supply chain made and the Marketing Discipline Guidelines made more stringent to provide good quality products to the consumers, and prevention of adulteration of petroleum products.
- Initiated the move of convening major Asian Buyers-Sellers Meet in January 2005 for developing an Asian reference market which in turn could lead to removal of Asian Premium bringing down costs for oil importing countries like India.
- To address the energy security concerns, various initiatives are being pursued to import natural gas through trans-national pipelines viz., Iran-Pakistan-India Pipeline and Myanmar-Bangladesh-India Pipeline.

SHIPPING, ROAD TRANSPORT & HIGHWAYS

- Tonnage Tax introduced rationalizing the fiscal regime for Indian Shipping industry. This would provide Indian Shipping industry a level playing field vis-a-vis international shipping companies and would also facilitate the growth of Indian tonnage.
- Setting up of a Special Purpose Vehicle (SPV) by name and style 'Sethusamudram Corporation Limited' has been approved. A Public Investment Board (PIB) Note has already been circulated for investment appraisal of the project.
- Draft Policy for Maritime Sector and National Maritime Development Project brought out with the purpose of addressing the issues for strengthening the sector as well as to encourage flow of investment into this Sector.
- Two major initiatives aiming to enhance the public-private partnership in the port sector have been initiated.
- The ISPS Code implemented in 12 Major Ports, 33 minor Ports, 2 Shipyards and 205 Ships. India thus joins the first few countries to complete implementation of ISPS Code, ensuring that there will be no hindrance in Indian exports and imports.
- Shipping Corporation of India registered a record post tax profit of Rs. 528.63 crore in the first six months of the current financial year.

STEEL

- National Steel Policy envisaged. A Committee of Secretaries headed by the Cabinet Secretary constituted to look into various aspects to be covered under the proposed policy.
- In view of growing international and domestic demand, production of steel to be raised to 100 million tonnes per annum by 2020 from 36 million tonnes at present.
- The allocations for SSI units significantly increased to 1289 MT during 2004-05 from 540 MT in 2003-04, in order to ensure adequate supply to steel material at reasonable prices to SSI units.
- The merger of Indian Iron and Steel Company (IISCO) with Steel Authority of India Ltd. (SAIL) on the anvil to generate synergy in operations.
- Changes announced in the duty structure to increase the availability of steel items in the domestic market and to contain the rising prices.

YOUTH AFFAIRS AND SPORTS

- Rashtriya Sadbhavana Yojana launched in order to harness the energies of the youth and to rekindle in them a spirit of patriotism and harmony.
- The scheme for development and empowerment of adolescents initiated. Under the scheme financial assistance is provided for taking up activities related with Life Skill Education, setting up counseling/career guidance centers for both school going and out of school adolescents,
- Scheme launched for setting up of 500 District Youth and resource centers which will have linkages with training institute/employment exchanges/banks/other departments in order to disseminate information about recruitment schedules and training facilities.
- Enhanced awareness generation through University Talk Programme and Village Talk Programme about HIV/AIDS initiated through Nehru Yuva Kendras .
- Training of Rural Youth Club Volunteers in the task of disaster management in collaboration with Ministry of Home Affairs started.

- Initiatives taken to strengthen the Rajiv Gandhi National Institute of Youth Development, Sriperumbudur, Tamil Nadu with a focus on making it an international centre of excellence for youth development.

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