CHAPTER 10

INDUSTRY AND SERVICES

10.1 INDUSTRY

Pace and Pattern of Industrial Output (2002-03)

Manufacturing Sector has a share of 79.36% in the Index of Industrial Production (IIP). During the year 2002-03, the IIP grew at the rate of 5.8% as compared to 2.1% in 2001-02. The manufacturing sector registered a growth rate of 6.0% as against 2.8% during 2001-02. As per the use based classification, production of basic goods, capital goods, intermediate goods and consumer goods exhibited higher increase during April-November 2002-03 as compared to 2001-02.

SECTOR-WISE INDEX OF INDUSTRIAL PRODUCTION (percentage change)

	Weight	2000-01/ 1999-00	2001-02/ 2000-01	2002-03 (Apr-Mar)
General				
Mining & Quarrying	10.47	3.7	1.8	5.8
Manufacturing	79.36	5.3	2.8	6.0
Electricity	10.17	4.0	3.1	3.2
IIP (General)	100.00	5.0	2.8	5.8
Use Based Classification				
Basic Goods	35.5	3.9	2.8	4.8
Capital Goods	9.3	1.8	-3.9	10.4
Intermediate Goods	26.5	4.7	1.6	3.8
Consumer Goods of which	28.7	8.0	6.0	7.2
i) Consumer Durables	5.4	14.5	11.5	-6.4
ii) Non Durables	23.3	5.8	4.0	12.3
	100.0			

2. The above data suggests possibility of an upswing in the trend of growth of IIP as well as manufacturing sector. In order to sustain this growth pattern during the year 2003-04, aggressive supportive measures are needed in respect of different industry segments.

3. A closer look at the constituent product groups under manufacturing sector, shows that while certain industry segments have performed better in the year 2002-03 and 2003-04 (first two months), certain other segments have lagged behind as compared to the previous year's performance.

4. Cement, steel, wheat flour/ maida, milk powder, diesel engines, auto ancillary and parts have performed better. On the other hand, PVC pipes and tubes, shoe uppers, cigarettes, Caustic Soda, scooters and mopeds have performed poorly.

Industrialisation of Backward Areas

Growth Centre Scheme

5. The Growth Centre Scheme commenced in the year 1991. The objective of the growth centre Scheme was to create industrial infrastructure in selected backward areas to enable the State and its agencies to attract industrial units to the growth centre. Out of the 71 growth centre identified for development through out the country, 68 Growth Centres have so far been sanctioned since inception of the scheme. The remaining three growth centre are to be sanctioned in the States of Assam, Uttranchal, and Sikkim. The project reports submitted by these State Governments are under active consideration of the Central Government. Of the 68 Growth Centre sanctioned so far, 44 growth centres can be regarded as functional where allotment of industrial plots has commenced. Remaining Growth Centres are in various stages of implementation. No new growth centres have been sanctioned in Tenth Plan.

6. The central assistance is released on the basis of physical and financial progress made in the implementation of the project by the State Government. Funds released as on 31.3.2003 by the Central Government aggregate to Rs. 427.49 crore and Funds released by State Government and its implementing agencies is Rs. 755.24 crore. Capital investment of Rs. 9386.76 crore has been attracted resulting in employment generation to the tune of over 31400 persons. State Governments have been asked to conduct an impact assessment studies on the industrilisation in the backward districts of the respective states as a result of the implementation of the scheme.

7. The Scheme is under review in the Planning Commission under its ZBB for the year 2003-04. Based on the evaluation being conducted by PEO, a decision would be taken on continuation of the scheme with or without modification or otherwise.

Transport Subsidy Scheme

8. The Transport Subsidy Scheme was introduced in July, 1971 with a view to promote industrialization in hilly, remote and inaccessible areas. The Scheme is applicable to all industrial units (barring plantations, refineries and power generating units) irrespective of their size, both in private and the public sector located in North Eastern region, Darjeeling District of West Bengal, Jammu & Kashmir, Himachal Pradesh, Uttaranchal. The scheme has been extended upto the end of Tenth Five Year Plan period and an amount of Rs. 721.17 crore has been released to various States and UTs till 31.12.2002.

9. An impact assessment study carried out on the scheme presents a mixed scenario of industrial growth in various States. The State of Assam could not do well in terms of chosen parameters, State of Himachal Pradesh has performed well in terms of output and employment as the number of factories had grown at an annual rate of 10.5%. States of Meghalaya and

Uttaranchal depict an encouraging trend in industrialization. Among the major industrial groups, food and food products, basic metals and alloys, machinery and equipment, electricity generation figure in these States.The presence of SSI among the beneficiaries of the transport subsidy scheme is significant.

North East Industrial Policy, 1997

10. Following the Prime Minister's initiatives for accelerating industrial development in the North East Region, the Government announced a New North-East Industrial Policy (NEIP) on 24th Dcember, 1997. Under this Policy, various concessions have been allowed to industrial units in North Eastern Region, e.g., development of industrial infrastructure, subsidies under various schemes, excise and income-tax exemption for a period of 10 years etc. North-East Development Finance Corporation (NEDFi) was also designated as the nodal disbursing agency under the Scheme.

11. An impact assessment study carried out by NEDFi in 2002 has indicated that as against 106 IEMs filed from August, 1991 to July, 1999 the number of IEMs filed during the period August 1999 to May 2002 was 226 after the implementation of the policy, i.e., an increase of 113%. Similarly, against an investment of Rs. 4403 crore during August 1991 to July, 1999, additional committed investment during the period from August, 1999 to May, 2002 was Rs. 4257 crore. Further, direct employment generated as a result of the above investment was to the extent of 33,763 persons. However, the benefits of these investments and employment generated are mostly confined to in and around Guwahati and part of Meghalaya except in Tea and Plywood industries.

New Industrial Policy and other concessions for special category States

12. A special package section was created in the Department of Industrial Policy and Promotion for industrialization in special category States. In 2002-03, the Government announced three packages of economic incentives for promoting industrialization on the lines of North East Industrial Policy for the States of (i) Jammu & Kashmir, (ii) Sikkim, (iii) Uttaranchal and (iv) Himachal Pradesh.

Project Preparation Facility

13. Past experience suggests that the most critical constraint faced by relatively backward states is their inability to prepare and pose quality project proposals to funding agencies. In order to address these issues, the Planning Commission has established a Project Preparation Facility which provides 100% grant for financing professional preparation of project reports by State Governments with a view to attracting external and institutional financing for the development of the state. The facilities are available only to those states which have received less than 500 crore of external assistance during the preceding years. Full (100%) financing up to Rs. 25 lakhs is provided to enable the State to engage professional consultants for preparation of project reports which conform to the lenders requirements and expectations. Backward States should access this facility as also familiarize themselves with CSS/ CS Schemes in order to augment their financial resources.

Industrial Infrastructure Up-gradation Scheme

14. A new scheme under this title is in advanced stage of consideration. Considered as a major initiative with an outlay of Rs.625 crore, the primary objective of the IIUS scheme is to enhance competitiveness of the domestic industry by providing quality infrastructure through public-private partnership in selected functional clusters/locations which have greater potential to become globally competitive. The improvements in performance will be secured in selected competitiveness indicators to be developed in consultation with the each industrial group.

15. Central assistance per cluster/location will be restricted to 75% of the project cost subject to a ceiling of Rs. 50 crore. The remaining 25% will be financed by other stake holders of the respective cluster/location with minimum industry contribution of 15% of total project cost and Government funding will be confined only to creation of durable assets and activities relating to productivity enhancement and no recurring expenditure will be funded from Government contribution.

Integrated Development of Leather Sector

16. Keeping in view export potential of leather sector, a UNDP assisted National Leather Development Programme was implemented in 2 phases during 1992 to 1998 and 1998 to 2002. The programme has led to upgrading of training systems, strengthening of R&D efforts and development of small-scale entrepreneurship in the leather sector. As an effort to supplement the said programme, a separate programme titled Indian Leather Development Programme (ILDP) was taken up for implementation during 9th Plan at a total outlay of Rs.17.80 crore. Under this programme, decentralized common facilities centre, design studios etc. were set up at various locations in the country. Besides, a new scheme viz. Tannery Modernization Scheme was also initiated under ILDP.

17. Integrated Development of Leather Sector in the 10th Plan proposes continuation of ongoing schemes/ activities like strengthening of non-footwear sector, village and tiny leather enterprise, technology/ skill up-gradation, marketing supports etc. In addition, important schemes under the programme viz, modernization of tannery industry, expansion of footwear industry, modernization of footwear components and consolidation of leather goods and garments have been reoriented and expanded in line with specific need for growth of the sector. An outlay of Rs.290 crore within the overall outlay of Rs. 400 crore earmarked for leather sector is in the process of being approved for implementation of these schemes during 10th Plan. This will be followed by consideration of the remaining investments of Rs.110 crore in backward and forward sectoral linkages.

Intellectual Property Rights

18. It is felt that a consolidated approach is required to deal with WTO negotiations and IPR issues in the ensuing rounds. Accordingly, a Group of Ministers (GOM) has been constituted to go into this vital issue holistically based on interpretation of views of all the concerned Ministries/ Departments and agencies so as to propagate a consistent stand in this regard. The scope of the GOM covers all facets of IPR issues such as Patents, Design, Traditional Knowledge etc.

19. **INDUSTRIAL ENTREPRENEUR MEMORANDA (IEMs**): Since the announcement of New Industrial Policy in 1991, 47312 IEMs have been filed with the Government till December, 2002 establishing new units, for manufacture of new articles and expansion of existing units, etc. These IEMs had a proposed investment of about Rs.10,37,000 crore and proposed employment of more than 82 lakh persons. Since the inception of the IEM scheme, till December, 2002, 5201 Units have formally intimated commencement of commercial production. The investment reported in respect of these IEMs is about Rs.1,89,210 crore.

Foreign Direct Investment

20. Based on purchasing power parity, India is the fifth highest economy in the world (ranking above France, Italy, the United Kingdom, and Russia) and has the third largest GDP in the entire continent of Asia. India is also one of the few markets in the world which offers high prospects for growth and earning potential in practically all areas of business. Yet, despite the practically unlimited possibilities in India for overseas business, the world's most populous democracy has, until fairly recently, failed to get the kind of enthusiastic attention generated by other emerging economies such as China.

21. Foreign Direct Investment (FDI) is permitted under the following forms of investments

- Through financial collaborations.
- Through joint ventures and technical collaborations.
- Through capital markets via Euro issues.
- Through private placements or preferential allotments.

Foreign direct investments in India are approved through two routes:

(a) Automatic approval by RBI

22. The Reserve Bank of India accords automatic approval within a period of two weeks (provided certain parameters are met) to all proposals involving:

- Foreign equity up to 50% in 3 categories relating to mining activities (List 2).
- Foreign equity up to 51% in 48 specified industries.
- Foreign equity up to 74% in 9 categories.
- Items from 74% category also includes items from 51% category, 74% participation shall apply.

23. The lists are comprehensive and cover most industries of interest to foreign companies. Investments in high-priority industries or for trading companies primarily engaged in exporting are given almost automatic approval by the RBI.

24. **(a) The FIPB Route: Processing of non-automatic approval cases:** Foreign Investment Promotion Board approves all other cases in which automatic route is not applicable. Normal processing time is 4 to 6 weeks. Although some scope for further liberalization no doubt exists, Indian Economy has opened up substantially in terms of FDI inflow as can be seen from the related data/ information in Annexures- 10.1.1 & 10.1.2.

Export Promotion Effort:

25. The country has recorded a remarkable growth of 23.38 per cent in exports. As against export volume of Rs. 150111 crore during April-December 2001, increased export volume for the same period in 2002 has been Rs. 18521 crore. The new Export Import (EXIM) Policy brought out in March 2002 has specific emphasis on export market diversification so as to bestow special attention to regions hitherto untapped. Accordingly, a medium term export strategy has been drawn up with particular objectives of achievement of greater export competitiveness and enhancement of India's share in world trade. In order to fulfil these objectives, several policy initiatives/ measures have been taken up during 2002-03. Some important initiatives are discussed below:

26. **Assistance to States for Development of Export Infrastructure (ASIDE)**: A scheme, viz. ASIDE has been evolved for providing incentive-linked assistance to State Governments which will result in concomitant growth in the infrastructure necessary for promoting exports at the state level. Approved activities that would be funded through ASIDE Scheme, inter alia, include new EPIP/ EPZ, export enclaves, complementary infrastructure like road connecting the production centres with the ports, inland container depots, container freight stations, minor ports jetties, common effluent treatment plants etc. The existing schemes namely Critical Infrastructure Balance (CIB), Export Promotion Zone (EPZ), Export Development Fund (EDF) for North Eastern Region (NER) and Sikkim and Export Promotion Industrial Park (EPIP) have been subsumed in the new ASIDE scheme. 80% of the funds of the scheme will be allocated to the States according to the export performance criteria and remaining 20% as well as unutilized portion of past allocations would be retained at Central level to take up inter-state projects and carry out activities for boosting up of exports from North East region. As against release of Rs. 49.52 crore in 2001-02, an amount of Rs. 173 crore has been released upto December 2002 (2002-03) under the ASIDE scheme for taking up 139 numbers of projects having total investment requirement of Rs. 844 crore.

27. **Market Access Initiative (MAI) Scheme**: It had been devised to put in place an instrument which is not only WTO compatible but would also mitigate the negative effects of various handicaps faced by the exporters vis-à-vis their counterparts in the competing countries to achieving a double digit growth rate in our exports on a sustained basis. The scheme has implicit mechanism to pursue product-specific approach in order to tap potential markets in unexplored regions.

28. MAI was taken up in the terminal year of the 9th Five Year Plan at a cost of Rs. 14.50 crore with the view to assist Export Promotion Councils in undertaking marketing studies, support exporters to set up showrooms/ warehousing facilities, publicity campaigns and brand promotion etc. As many as 42 numbers and 16 numbers of market studies identified during 2001-02 and 2002-03 are in different stages of completion. Besides a marketing centre for cut flowers exports by APEDA has been set up in Netherlands by way of assistance under the scheme. A broader version of the scheme incorporating additional components/ activities like subsidizing registration charges for pharmaceutical, bio-technology and agro-chemicals engineering products, assistance to cottage and handicraft units and earmarking funds to develop websites for virtual exhibitions and exports facilitation assistance to Exim-Bank for providing project specific assistance for

exports to select markets during specific periods etc. has already been approved by the EFC at a cost of Rs. 552 crore for implementation during Tenth Plan.

29. **SPECIAL ECONOMIC ZONES**: A New Policy was introduced in the EXIM Policy effective from 1.4.2000 for setting up of Special Economic Zones in the country consisting of world class infrastructure with a view to provide an internationally competitive environment for exports in case of units engaged in activities like manufacturing, trading, reconditioning and repair or servicing. The units in the Zone have to be a net foreign exchange earner but they shall not be subjected to any pre-determined value addition or minimum export performance requirements. Sales in the Domestic Tariff Area by SEZ units shall be subject to positive foreign exchange earning and on payment of applicable Customs duty and import policy in force. Labour laws will be simplified in SEZs. Facilities for SEZ Units inter alia include

- No licence required for import.
- Duty free import of capital goods, raw materials, consumables, spares etc. and procurement from the domestic market.
- 100% income –tax exemption for 5 years and 50% exemption for 2 years thereafter.
- Domestic Sales on full Customs duty subject to import policy in force.
- 100% FDI in manufacturing sector allowed through automatic route.

30. Government has already issued notification for conversion of the existing Export Processing Zones at Kandla and Surat (Gujarat), Santa Cruz (Maharashtra) and Cochin (Kerala) into Special Economic Zones.Approvals have also been given for setting up of 17 Special economic Zones in the country on the basis of, proposals received from the Private Sector/ State Governments. Central Government will not like to involve itself for any new SEZ in the country but would prefer private and joint sector to take the initiative.

31. Four SEZs having 370 units have become functional so far and exports from these units has been exhibiting increasing trend. As exports from these zones have increased from Rs. 6088.21 crore in 2000-01 to Rs. 6271.94 crore in 2001-02. Export up to September 2002 has already attained a level of Rs. 3428.80 crore.

32. **Agricultural and Processed Food Products Export Development Authority (APEDA)-** which is mandated with the responsibility for export promotion and development of agricultural products including floriculture, fresh fruits and vegetables, processed food and livestock products, proposes to implement schemes for infra-structural development, database and survey/study, export promotion, market development and packaging up gradation, etc. Similarly, the **Marine Products Export Development Authority (MPEDA)-** a statutory body responsible for development of the Marine Products Industry with special reference to exports, proposes to implement schemes for export production-capture fisheries, export production-culture fisheries, induction of new technology, modernisation of processing facilities and market promotion etc. Major activates of Tenth Plan schemes of MPEDA include setting up of liquid chromatograph and mass spectra photometer facilities at seven existing laboratories and two new laboratories at Nellore and Bhimavaram, A.P. to meet the requirements of quality prescribed by European Union. Apart from this, establishment of ornamental fish units/ parks and strengthening of market development activities have been contemplated to arrest the declining trend of export of marine products.

33. **Anti-Dumping and Allied duties and import of sensitive items:** The Designated Authority in Department of Commerce has been handling Anti-Dumping cases since 1992. However, the Directorate General of Anti-dumping & Allied Duties (DGAD) was constituted in April, 1988. During the year 2002-03, India has initiated 30 cases. Besides these new cases, mid-term review in four cases, sunset review in six cases and new shippers review in four cases were also undertaken during the year. During the year, a total of 29 Final Findings were issued, 28 of which were arising out of the investigations initiated in the previous year. Of the 27 Preliminary Findings issued during the year, 18 pertain to the current year, i.e. 2002-03, while the rest relate to cases initiated towards the end of year 2001-02. Twelve cases initiated towards the end of 2002-03 are still under investigation for issuing Preliminary Findings. According to the WTO report for January to June 2002, India initiated a maximum 25 anti-dumping investigations, followed by United States (22) and Argentina (10). India is today one of the major players among the WTO member countries who are using as well as facing the anti-dumping measures.

34. **Export Inspection Council (EIC),** which is the official export inspection and certification body mandated to carry out pre-shipment inspection and certification of notified commodities has proposed to undertake the task of modernization/upgradation of its systems and labs and providing services to the industry through information on regulatory requirements of the import control systems.

35. **Export and Credit Guarantee Corporation (ECGC):** Credit Insurance is an important requirement for Exports. Tenth Five Year Plan provides an outlay of Rs. 400 crore for augmentation of equity base of ECGC. It is expected that this will fructify during 2003-04. The requirements of Project Exports also need to be factored in.

36. **Modernization of Patent Offices:** As part of project approved recently, modernization of Patent Offices, computer equipment for initial level computerization have been provided and internet connectivity has been established in Patent Offices. On line search facilities have been provided along with ISDN facility to ensure uninterrupted connectivity and a broad-band dedicated connectivity has been established between Kolkata and Delhi offices. Front office software has been installed to generate computerized information about receipt and status of patent applications list of books and journals in the library. Digitization, scanning etc. of 90000 patent records and 28000 design records have already been completed.

37. A total of 10592 applications including 8221 from other countries were filed under Patents Act, 1970 during 2001-02. Applications for patent filed during the period April-October 2002 were 6526. The sale for the period November 2002 – March 2003 is expected to be 5380.

38. **Director General of Foreign Trade:** A scheme for modernization and upgradation of the office of Director General of Foreign Trade has been approved during 2002-03 with an outlay of Rs. 14 crore. A beginning was made in 1980 to computerize certain functions and procedures in some offices of DGFT. Subsequently, a comprehensive computerization programme was drawn up during the Ninth Five Year Plan. With the implementation of this plan, networking of offices was completed and the facility of video conferencing to enable the importers/ exporters to interact with DGFT has been provided. The proposal approved in 2002-03 would permit processing of applications and issue of licenses on line. It will also provide electronic linkages

with other agencies such as customs, banks, income tax, ports etc. This project is targeted to be commissioned by the end of the Tenth Plan.

Public Sector:

39. As on 31.3.2001, there were 250 Central Public Sector Enterprises excluding 6 Insurance Companies and 2 Financial Institutions. Of the 234 operating CPSEs, loss making were 111 and 66 industrial PSEs whose networth had become negative and had become sick were registered with BIFR. Of these 34 were the units taken over by the Government from private sector to safeguard the interest of workers.

Sick PSUs:

40. The sick PSUs cases referred to BIFR has been transferred to National Company Law Tribunal. Decision on sick PSEs is taking long time and revival package apart from the problem of resource availability suffers from certain uncertainties on its viability. Such cases are discussed alongwith respective sectoral issues. Status of the sick CPSEs with BIFR as on 30.6.2001 is given in the Table below:-

41. Winding up has been recommended for the following units:

	Name of PSU	Present Status
1	Bharat Gold Mines Ltd.,	Since being closed
2	Bharat Process & Mechanical Engineers Ltd.	-do-
3	Mandya National Paper Mills Ltd.,	-do-
4	National Bicycle Corporation of India Ltd.	-do-
5	Tannery & Footwear Corporation of India Ltd.	-do-
6	Weighbird (India) Ltd	-do-
7	Mining & Allied Machinery Corporation Ltd.	Permission for closure received.
8	Cycle Corporation of India Ltd.	Government has approved winding up
9	Maharashtra Antibiotics & Pharmaceuticals Ltd	-do-

Disinvestment :

42. A policy decision has been taken to disinvest Government equity in Public Sector Undertakings (PSUs) preferably to a strategic partner. However, PSUs in the strategic sector would normally be excluded from the aforesaid process. Ministry of Disinvestment (MODI) is taking steps for phase-wise disinvestments of equity held by Government in the PSUs as per provisions laid down in the related guidelines already in place.

43. In course of carrying out the disinvestments process, need for further refinement of some areas was felt. Accordingly, the Ministry of Disinvestment has now prepared the second edition

of the document "Disinvestment Policy, Procedures and Progress' incorporating the requisite changes in the light of the experience gained during the intervening period. Additionally, guidelines have also been suitably modified to ensure participation of employees in the disinvestment/ sale of Government equity in PSUs. Apart from that, a proposal of incorporating various options of financial restructuring of PSUs having weak financial structure prior to going for disinvestments is on the anvil. Such restructuring would facilitate further the disinvestments process.

44. The Disinvestment Commission made recommendations for disinvestment of Government equity in respect of 75 PSUs up to March, 2003. Of these 36 Psus have already been approved for disinvestment. In regard to position of actual disinvestment since April, 1991 onwards, it is noteworthy that disinvestemnt has taken place in 49 companies and actual receipt out of these disinvestments has been of the order of Rs.30484 crore as against a target of Rs.91.500 crore. The lower realization was owing to past practice of sale of minority stakes in different PSUs without transfer of Management control. The Government subsequently modified its Policy to emphasise on strategic sale and simultaneous transfer of management control. Consequently, disinvestment process has gained momentum since 2000-01. Since adoption of policy of strategic sale, Government equity has been divested in 33 PSUs/ Government companies (inclusive of sale of 18 hotels of ITDC and 3 hotels of Hotel Corporation of India through de-merger) leading to realization of disinvestment proceeds to the tune of Rs. 11,260 crore. Out of these companies, 100% of Government equity stand divested in case of modern foods, 3 hotels of HCI and 18 hotels of ITDC.

45. Disinvestment of Maruti Udyog Limited (MUL) has led to partial resurgence in the share market. It would be prudent to take advantage of the position by speedy disposal of Government equity in other potential PSUs.

46. **Consumer Awareness:** Consumer awareness is presently being managed by the Department of Consumer Affairs through its 15-minute weekly AIR programme *Jago Grahak Jago* through DAVP in all the primary and Vividh Bharti stations covering 22 languages. It has been decided that a National Action Plan for consumer awareness/ redressal and enforcement of Consumer Protection Act (1986) would be evolved. Innovative ways of funding significantly larger outlays required for this vital aspect need to be explored. In order to regulate and enforce standards of weights and measures in respect of the weighing and measuring instruments used by trade and commerce, the Central Government has upgraded facilities for nine laboratories located in different states through the Consumer Welfare Fund (CWF). Remaining 93 State standard laboratories need to be strengthened expeditiously.

SECTORAL PROFILE

ENGINEERING INDUSTRY:

47. The Engineering Industry with its varied forward and backward linkages has predominant role in industrial growth. The engineering sector encompasses an array of industries like heavy engineering industry/ capital goods industry, machine tool industry, heavy electrical industry, industrial machinery, transportation equipment manufacturing as well as auto industry. The engineering sector has exhibited a remarkable improvement by registering an overall growth

rate of 5.3% during first nine months of 2002-03 as against 2.5% during the corresponding period of 2001-02.

48. There are 49 PSUs under the Department of Heavy Industry (DHI) engaged in manufacturing, consultancy and contracting activities. Of these, 10 made profit in 2002-03 of Rs 825.54 crore (anticipated) and remaining 39 made losses of Rs. 1437.86 crore. 9 PSEs have already been closed/ wound up and operations of 3 more suspended. The total production in 2002-03 has increased to Rs.12535 crore from Rs.1.670 crore recorded for 2001-02.

49. Out of 49 PSEs, 29 had been referred to BIFR. Of these, BIFR has sanctioned revival schemes in 9 cases involving fresh infusion of Government of India fund of Rs.654 crore and financial restructuring of Rs.2103 crore. Within remaining 20 cases, winding up has been recommended for 11 cases, while firm view is yet to emerge for balance 9 cases. Apart from BIFR cases, financial/ organizational restructuring has been approved for 7 PSEs which would require fresh infusion of Rs.531 crore.

50. An action plan has been drawn up for 49 PSUs under the Department of Heavy Industry. Under this plan, 16 PSUs have been referred to the Ministry of Disinvestment, 12 units are being dealt with departmentally for joint venture/ disinvestment. In the case of Cement Corporation of India, sale of the company is contemplated as a whole or as individual units. In respect of Andrew Yule & Company Limited, Heavy Engineering Corporation and Hindustan Photo Films Limited, financial/ business restructuring is underway. Recommendations of BIFR/ AAIFR are awaited in respect of three units. Nine units have already been closed/ wound up. Similar process for three other units is contemplated. For the present, BHEL and HMT holding company is to be retained as PSU. In order to prevent the health of the 'public sector in transition' from deteriorating and arresting erosion in its net worth, crucial balancing investments have been approved wherever considered appropriate.

51. Substantial progress has been made in formulating action plan for resolving issues such as outstanding statutory dues, voluntary separation/ retirement terms and other areas of interest to public sector employees. Cooperatives of employees are now eligible to bid for disinvesting PSUs on somewhat preferential terms.

52. The 'Auto Industry' has made tremendous improvement during the last few years and has assumed a significant position in the industry sector. It has recorded a turnover of about Rs.82,000 in 2001-02 and has participation of almost all the global players. Against a total installed capacity of 7.9 million vehicles (all type), it produced 5.37 million in 2001-02 and around 6 million during 2002-03. There is no Central PSUs in the business, except MUL where Govt. of India holds a share of 50%. However, in recent agreement with Suzuki SML share will be revised to 54.2% Government has recently approved an Auto Policy for further development and growth of the sector with specific emphasis for improvement in quality. The DHI has drawn up a long term plan to set up and strengthen testing and certification facilities for the auto industry to meet the growing stringent environment regulation and safety norms, which would require an investment of Rs.1500 crore over the years. Annual Plan 2003-04 has a provision of Rs.25 crore for this purpose.

53. Out of 49 PSEs under DHI, 21 PSEs have signed MoUs during 2002-03. Total turnover of 40 operating PSEs is anticipated at Rs.12,525.21 crore in 2002-03 which is about 7.4%

higher than the actual turnover of Rs.11,670.24 crore in 2001-02. A target of total turnover of Rs. 14,185.35 crore has been fixed for the year 2003-04.

54. Apart from provision of Rs 25 crore for setting up of testing facilities for auto industry, major portion of earmarked budgetary support of Rs.100 crore in 2003-04 is meant for lump sump requirement on projects and annual additions/ maintenance/ replacement to be taken up/ carried out by PSEs.

55. **SHIPBUILDING & SHIP REPAIR INDUSTRY:** There are 28 shipyards in the country, 7 Central Public Sector Undertakings (4 under Ministry of Shipping & 3 under Ministry of Defence), 2 under State Government and the remaining 19 are owned by private parties. Although shipping industry is presently de-licensed, private sector participation is still restricted to building of medium and small size vessels and other repair work. Two public sector companies viz. Hindustan Shipyard ltd. (HSL), Veshakhapatnam and Cochin Shipyard Ltd (CSL), Kochi are major players in the sector with wide array of activities like building/repair of large ocean going vessels (75259 DWT & 125000 DWT) and carrying out various underwater and afloat repairs. The other major PSUs Hoogly Dock & Port Engineers Ltd (HDPEL) is one of the oldest shipbuilders in the country and has two shipyards i.e. Salkia and Nazirgunge at Kolkata. The companies under Ministry of Defence viz. Mazagaon Dock Ltd, Mumbai, Garden Reach Shipbuilders and Engineers Ltd., Kolkata and Goa Shipyard Ltd. Goa are engaged in building ships and vessels primarily for Indian Navy and Coast Guard.

56. Large PSUs constitute approximately 95% of the gross turnover of the industry. However, capacity utilization of the public sector shipyard in the shipbuilding activity has been very low owing to lack of adequate orders, reluctance on the part of ship owners to place orders due to higher price and long construction period being taken by indigenous shipbuilders as well as for depressed international scenario in shipping. Consequently, large public sector shipbuilding companies viz. HSL & HDPEL are incurring losses over the years. Subsequent to financial restructuring, CSL has started earning profits and has been able to wipe off past-accumulated loss.

57. Disinvestment of Government equity in HSL, CSL and HDPEL is being contemplated.

IRON & STEEL

58. There has been a gradual increase in the domestic consumption, production and export of the finished steel (table below) though the growth has been greatly reduced from over 6% to 2% since 1996-97.

Finished C-Steel

Million tonnes

Year	Apparent consumption	Production	Import	Export
1998-99	23.54	23.82	1.65	2.40
1999-00	25.01	26.71	2.20	3.34
2000-01	26.53	29.27	1.885	2.57
2001-02	27.44	31.63	1.50	3.30
2002-03 (till December 2002)	20.65	23.83	1.47	2.75

59. The Iron and Steel industry suffers from surplus capacity both inside and outside the country and so the domestic manufacturers depends to certain extent upon export to attain a full utilization of their capacities. Industry has further suffered due to global slow down in the economy for the last few years. The domestic industry has the added problem of international competition as the import duty which was 75% and above before 1994-95 has been reduced to 25-35% since 1996-97. Dumping from China and CIS countries is also another woe of the sector though country was successful in imposing anti-dumping duty on them. The country, in turn, has also faced anti-dumping actions from USA, Canada etc.

60. The excess capacity at the international level has led to protectionists measures from many countries and for this a High level Intergovernmental Meeting are held, (5 such meetings have already taken place) where modalities to reduce excess capacity is being devised together with enforcing discipline in the steel market. India's working capacity stands at 33-34 million tonnes (though it had 40 MMT in the Nineties but many closure has followed) against domestic demand of around 29 million tonnes.

61. **SAIL:** SAIL is the major steel producer in the country having 4 large steel plants (Bhilai, Durgapur, Rourkela and Bokaro) and 3 special plants (Alloys Steel Plant, Salem Steel Plant and Visvesvaria Iron and Steel Plant). Due to continued loss in past few years, the net worth of the company has eroded below 50% and the matter was reported to BIFR in November, 2002. But in the financial year 2002-03 with the upward trend in the market, the company has recorded a gross margin of Rs. 1334 crore (December, 2002) and net loss has reduced from Rs. 1707 crore in 2002-02 to Rs. 546 crore in the year 2002-03(up to December, 2002).

62. The company has taken up many measures to increase efficiency and productivity (including reduction in manpower) and reduce energy consumption. It has achieved 5% reduction in coke rate and energy consumption per ton of crude steel has reduced to all time low value of 7.69 Gcal/t. SAIL has been implementing VRS since 1998 and 19600 employees have availed the VRS so far. Additional 6510 employees took VRS after the scheme was revised in 2000-01.

63. SAIL has undertaken many capital schemes like putting additional facilities for meeting enhanced rail requirement of railways and Rs 872 crore Sinter Plant at Bhilai, up-gradation of ERW Pipe Plant at Rourkela, Slag rennovation Plant and Rs 98 crore BF up-gradation at Durgapur, modification of heating furnance and installation of tension leveler in slitting line at Bokaro. *No BS required for these capital investments.*

64. **IISCO:** A revival package for this loss making subsidiary of SAIL has been approved by the Government and waiting for BIFR approval to which this Company was referred in 1994.

65. **Rashtriya Ispat Nigam Ltd (RINL**): The Visakhapatnam Steel Plant (VSP) of RINL a state of art plant commissioned in August, 1992 is able to achieve high level of performance both in production and consumption norms. It provides the lowest energy consumption in the domestic production of steel. The company which had incurred loss few years back of Rs. 75 crore made turn around during 2002-03 with a net profit of Rs. 207 crore (till December, 2002).

66. **Sponge Iron India Ltd (SIIL)**: Sponge Iron India Ltd has doubled its capacity to produce 60,000 tonnes per annum of sponge iron to be used as a substitute for ferrous scrap to the induction and electric arc furnace using lump iron ore and 100% non-cooking coal. The company has made a net profit of Rs. 3.5 crore during the year.

67. **MECON:** MECON, the first consultancy and engineering company in the steel sector is facing difficulty in meeting the expenditure due to reduced work in the sector. It has taken many measures to reduce the cost like rolling back the retirement age from 60 to 58 years and VRS scheme to reduce surplus manpower. Attempt to disinvest 50% share of the Government to a strategic partner could not materialize due to lack of suitable proposals. A restructuring plan has been considered to attract good offer.

68. **Hindustan Steel Works Construction Ltd:** The PSU set up to specialise in setting up projects in steel sector has been making loss for the shrinkage of jobs and as well as excess man power of over 22,000. 7373 employees have taken VRS under phase I and 3152 employees under phase II (till December, 2002). As on 31.12.2002, the manpower position of the company is 2785. Company needs to streamline it further.

69. **Bharat Refractories Limited (BRL):** Bharat Refractories Ltd is also a loss making PSU and incurred a loss of Rs. 63 crore during 2001-02 and Rs. 22.4 crore in 2002-03. The Government has approved a revival plan for the company that includes around Rs. 332 crore package.

70. R&D Expenditure: R&D activities in the iron and steel sector have been given a boost through the steel development fund. Actual expenditure in these activities was Rs. 76.18 crore in 2001-02 and Rs. 41 crore in 2002-03 (upto September, 2002).

DRUGS AND PHARMACEUTICIALS:

71. Policy inputs have enabled the Indian pharmaceutical industry to meet 70% of the country's requirement of the bulk drugs and almost entire demand for formulations. Drugs, Pharmaceutical and fine chemicals of have recorded export of worth Rs. 9751.2 crores (provisional) in 2001-02 against an import of Rs. 2001.10 crore (provisional).

72. **Implementation of Drug Pricing Control Order (DPCO), 1995:** DPCO, 1995 has limited price controlled bulk drugs to only 74 with one single category and with Maximum Allowable Post Manufacturing Expenses (MAPE) of 100%. The criteria for bringing drugs under DPCO inter alia include minimum annual turnover of Rs 4 crore, monopoly situation for popular brands, annual turnover of Rs. 1 crore with 90% market share for a single formulator etc. As per the recent modification ceiling prices would be fixed for commonly marked standard pack size of formulations under the price control, which will also be applicable to products manufactures, by SSI Units. The criteria for fixation of price were on the basis of ORG-MARG data up to March, 1999, which has been subsequently modified to adopt ORG-MARG data of March, 2001 to capture recent developments.

73. The National Pharmaceutical Pricing Authority (NPPA), an independent body, responsible for fixation/ revision and monitoring of prices and for implementation of DPCO has fixed/ revised

prices of 63 bulk drugs, 33 derivatives and 1968 formulations so far. Of these, prices of 7 bulk drugs and 57 formulations were fixed during 2002-03 (April to November)

74. **R&D:** In order to promote indigenous research in pharmaceutical sector, a Pharmaceutical Research &Development Fund has been set up under aegis of the Department of Science and Technology with earmarked outlay of Rs.150 crore for 10th Plan.

75. **Pharmaceutical PSUs:** All the five public sector units in the Pharmaceutical sector have become sick. Bengal Chemicals and Pharmaceuticals Limited has successfully implemented revised rehabilitation package of BIFR and is exhibiting sign of recovery. However, Government has decided to close down Bengal Immunity Limited and Smith Stanistreet Pharmaceuticals Limited. Revival package in case of IDPL has failed twice and its operation stands closed. A final decision on revival is yet to emerge.

76. The first national level institute viz. National Institute of Pharmaceutical Education & Research (NIPER) has been set up at Mohali, Punjab to promote higher education and R&D activities in the field of Pharmaceuticals.

CHEMICALS, PESTICIDES AND ALLIED INDUSTRIES

77. **Chemical Industry:** It is one of the oldest industries having capability of producing array of products and contributes in exports to the tune of 11.5% of the total export. Production of major chemicals including pesticides exhibits increasing trend.

'000 tonnes

Item	Capacity	2001-02	2002-03 (Prov)	2003-04 (Est)
Soda Ash	1865	1560	1550	1640
Caustic Soda	2036	1438	1480	1520
Carbon Black	3450	248	248	248
Calcium Carbide	128.9	58.8	58.8	58.5
Phenol	76.6	60.8	76.0	80.0
Methanol	386	309	346	370
Tech. Pesticides	138.3	80.1	89.3	100.1
Dyestuffs	58.6	24.4	30.4	33.9

78. **Pesticides:** India is one of the largest exporters of pesticides in the world and has facilities to manufacture variety of products.

79. **HIL**: The financial health of the only PSU in the sector has deteriorated over the years due to low capacity utilization following restricted use of its main product DDT and discontinuation of manufacture of Benzene Hexa-chloride (BHC) since 1993. With the erosion of the 50% of the net worth of the company, it has been referred to BIFR. In addition, the loss making subsidiary of the company, SPEC has been closed down as per order of the High Court of A.P. w.e.f. 2nd April, 2002, Delhi unit of the HIL has been shifted to Bhatinda and Rs. 10.7 crore plant to

produce safer insecticides is under advanced stage of completion likely to be commissioned in 2003-04. A provision of Rs. 5 crore has been made for Annual Plan 2003-04 mostly to meet the renewal and replacement of the operating units.

80**.** **CPDS** (Chemicals Promotion and Development Schemes): Department is considering the possible advantage of Mega Chemical Estates with international facilities to attract investments. Preparation of its feasibility report would be taken up in the AP for which, Rs. 2.4 crore has been provided.

81**.** **PETROCHEMICAL INDUSTRY:** The sector comprising synthetic fibres, polymers, elastomers etc. is showing increasing trend of growth in terms of production and consumption. The estimated production of petrochemicals in 2002-03 was 6169 Th tones as against 5995 Th. Tones in 2001-02. The corresponding consumptions have been reported to be 6373 Th. Tones and 6177 Th. Tones.

82. Disinvestment has resulted in reduction of Government involvement in petrochemicals sector. Of the 8 existing petrochemical cracker complexes of combined capacity of 2.4 million tones of Ethylene per annum, Auriya Petrochemicals complex of Gas Authority of India Limited (GAIL) having Ethylene capacity of 300 Th. TPA is the only PSU. No progress in respect of 5 expansion/ new petrochemicals projects (capacity 2500 Th.TPA) has been made during the year.

83**.** **CIPET:** The institute, established with UNDP assistance in 1968 provide multidisciplinary support such as manpower training and technical assistance to plastic industry in the areas of to tooling, processing, design, development of new products and quality assurance services. CIPET has corporate office at Chennai and 10 extension centres, of which 3 (Patna, Haldia & Guwahati) have been opened during 2002-03. A proposal of allowing CIPET to take OPEC Fund assistance for augmenting its capability in thrust areas of plastic applications has been approved recently.

Fertilisers

84. The total installed capacity of all the fertilizers at the end of the year 2002-03 has reached a level of 12.18 million tonnes of nitrogen (inclusive of an installed capacity of 9.23 million tonnes of nitrogen from urea after reassessment of the capacity) and 5.36 million tonnes of phosphatic nutrients, making India the third largest fertilizer producer in the world. The rapid growth of fertilizer production capacity has been achieved as a result of a favourable policy environment facilitating large investment in the public, cooperative and private sectors. Presently, there are 57 large sized fertilizer plants in the country manufacturing a wide range of nitrogenous, phosphatic and complex fertilizers. Out of these, 29 units produce urea, 20 units produce DAP and complex fertilizers, 13 plants manufacture Ammonium Sulphate (AS), Calcium Ammonium Nitrate (CAN) and other low analysis nitrogenous fertilizers. Besides, there are about 64 medium and small-scale units in operation producing Single Super Phosphate (SSP).

85. The production of fertilizers during 2001-02 was 10.76 million tonnes of nitrogen and that of phosphatic fertilizers were 3.86 million tonnes. The production targets for the year 2002-03 was fixed at 11.16 million tonnes of nitrogen and 4.82 million tonnes of phosphate, representing

a growth rate of 7.8 per cent in nitrogen and 24.8 per cent in phosphate as compared to the actual production in the year 2001-02. Production targets for both nutrients was fixed less than the installed capacity because of low production from Rashtriya Chemicals & Fertilizers, Trombay and Thal units, Neyveli Lignite Corporation Limited (NLC), Neyevli, Fertilizer Corporation of India (FCI), Sindri and Brahamaputra Valley Fertilizer Corporation Ltd. (BVFCL), Namrup due to gas limitations and equipment problems. This trend is likely to be continued in the near future as the Government have decided to close down all the plants of FCI at Ramagundam, Gorakhpur and Talchar and Durgapur & Baruni plants of Hindustan Fertilizer Corporation of India (HFC), barring Namrup units of erstwhile HFC presently under revamp, which are now under the separate entity of BVFCL.

86. The actual production of nitrogen for the year 2002-03 was 10.53 million tonnes and 3.38 million tonnes of phosphate. The production performance was poor mainly due to constrained supply and poor quality of gas to many of the plants, breakdown in urea plant of FACT, boiler problem in MFL, delay in commissioning of Namrup revamp and unscheduled shutdown at FCI, Sindri, NLC, Neyveli and Duncan Industries Ltd. (DIL), Kanpur. In case of phosphate, production in DAP plants was low due to depressed demand of DAP on account of drought like situation in many of the States. Similarly, the production of complex fertilizers was also low due to high inventory stocks in silo and poor take off due to dismal sale. The capacity utilization during the year 2002-03 is estimated at 89.8 per cent for nitrogen and 81.3 per cent for phosphate.

87. The total consumption of the fertilizer, which was 17.54 million tonnes during 2001-02 slightly, came down to 16.65 million tonnes during 2002-03 due to unprecedented drought situation in many of the states. The consumption of phosphatic fertilizer also came down from 4.41 million tonnes in 2001-02 to 4.25 million tonnes in 2002-03. However, the total production of fertilizer went up from 14.62 million tonnes to 15.23 million tonnes (estimated) during the year 2002-03, registering a growth rate of nearly 4.0 per cent during 2002-03 over the year 2001-02.

88. Urea, Di-Ammonium Phosphate (DAP) and Muriate of Potash (MOP) are the three main fertilizers, which are imported in the country to bridge the gap between the demand and indigenous availability. The imports of urea, which is under price and movement control, is made on government account and it is the only canalized fertilizer imported through State Trading Enterprises (STEs). All other fertilizers are de-controlled, de-canalized and imported on private trade account. There was no import of urea during 2002-03. However, in case of phosphatic fertilizers availability of fertilizer grade rock phosphate in the country is limited, which is thus imported in large quantity for production of phosphatic acid, SSP and DAP and various grades of complex fertilisers. Besides, other intermediaries used in the production of these fertilizers are also required to be imported. As there are no commercially viable reserves of potash in the country, the entire requirement of potash is met through direct imports of MOP.

89. The two major fertilizer projects; namely BVFCL and Gujarat State Fertilizers & Chemicals Ltd. (GSFC), Sikka are under implementation at an estimated cost of about Rs. 689 crores. Once these projected are commissioned, there will be an additional production of 0.38 million tonnes of urea and 0.39 million tonnes of DAP per annum. The BVFCL project, which was originally scheduled for commissioning in February, 2002 likely to be further delayed and now

anticipated date for commissioning is March, 2004. The GSFC expansion project has been completed, commissioned and is under trial production.

90. The Government has approved the financial restructuring of FACT and MFL to avoid attraction of the BIFR clause and facilitate faster disinvestment process of these. The financial restructuring would attract prospective buyers and will have better realization. The Government has approved the revival of Project & Development India Ltd. (PDIL) retaining its Research & Engineering Division at NOIDA and Baroda and Catalyst and Research & Engineering Division at Sindri and the closure of Pyrites Phosphate & Chemicals Ltd. (PPCL) disposing off its assets. The Government of India has also decided to expedite the process of disinvestment by divesting 51 per cent of its equity holding out of 97.65 per cent in National Fertilizers Ltd. (NFL); 32.74 per cent of its holding out of 58.74 per cent in MFL and 64 per cent of its holding in RCF. In-principle approval for appointment of the Global Advisors and other intermediary advisors in accordance with prescribed procedure and through the process of open competitive bidding for assisting the Government in the disinvestment in case of MFL, FACT and RCF has already given by the Govt. of India.

91. The Government had also given 'in-principle' approval for two expansion projects, namely, Expansion of Hazira Plant of KRIBHCO in Gujarat & Expansion of Thal Plant of RCF in Maharashtra and two grassroots projects, namely, new Urea Plant to be set up by KRIBHCO at the existing site of FCI's Gorakhpur Plant in UP and new Urea plant to be set up by IFFCO at Nellore in Andhra Pradesh in the year 2000. The Government has decided to defer these proposals till the long-term price and feedstock policy is in place.

92. The feedstock policy for nitrogenous fertilizers had hitherto envisaged establishment of new plants based mainly on natural gas. Realizing the constraint in the availability of natural gas, the Government had set up a core group of representatives of fertilizer companies to prepare a Detailed Feasibility Report (DFR) for setting up of integrated chain of Liquefied Natural Gas (LNG) supply in the country. However, the core group has taken a decision to put on hold on the DFR till the long-term fertilizer policy is announced by the Government. A number of companies have evinced interest to set up LNG terminals in the country and the initiative have been taken by M/s. Petronet LNG Limited (PLL), a consortium of public sector oil and natural gas undertaking, to set up LNG terminals at Dahej and Cochin. The supply from the project is expected in the beginning of year 2004.

93. A task force, which was constituted in the March, 2000 under the Chairmanship of Secretary (Fertilizers) with the representatives from Ministry of Science & Technology, Ministry of Power, Ministry of Coal, Council of Scientific & Industrial Research, The Fertilizer Association of India and PDIL, with a view for exploiting the abundant resources of coal in the country as a feedstock for the production of fertilizers, has submitted its report and concluded that it is not feasible to use the domestic coal as feedstock for manufacturing fertilizers in the country.

94. The Government have declared a new Group Retention Pricing Policy for urea units which will replace the existing Retention Price Scheme and will come into effect from April, 2003. There will be six groups based on vintage and feedstock for determining based concession under the new scheme, namely; pre-1992 gas based units, post-1992 gas based units, pre-1992 naphtha based units, post-1992 naphtha based units, fuel oil/low sulphur heavy stock (FO/

LSHS) based units and mixed energy based units. The mixed energy based group shall include such gas-based units that use alternative feedstock/fuel to the extent of more than 25% as admissible on 1.4.2002. Though, some of the units have disadvantage and incurred losses in the initial year of the new policy, but it will have a positive impact on Government's budget on fertilizer subsidy in the long run. The objective of the policy is to phase out the subsidy and de-control of urea distribution and movement.

95. A Memorandum of Understanding (MoU) was signed between the Government of India and the Government of Sultanate of Oman, for the design, construction, financing and operation of a world scale fertilizer complex in Oman. The project wherein the investment of $ 160 million as equity by IFFCO and KRIBHCO from the Indian side, provides for a buy back arrangement for 1.65 million tonnes of urea produced by the project by the Government at a long term fixed price (LTP) for a period of 15 years. The major agreements relating to the project were finalised and signed by the parties during the year. The project has commenced implementation on 15.8.2002 and is scheduled to be commissioned in 35 months, i.e. by July, 2005. SPIC is also setting up a gas-based nitrogenous fertilizer plant at Dubai in United Arab Emirates to produce 0.40 million tonnes of urea at an estimated cost of $ 170 million. The project is under implementation and is expected to be commissioned by the fourth quarter of 2004.

Textiles

96. After agriculture, Textile industry is the largest employer, the direct employment in the industry is estimated at 35 million approximately and with indirect employment of another 58 million people. The production of spun yarn is anticipated to touch the figure of 3,088 mn. kg. during current financial year 2002-03, registering an annual growth of about 1% during last five years. It is worth noting that the production of 100% non-cotton yarn has shown an upward trend in recent years and it is anticipated to touch the figure of 307 mn. kg during 2002-03, registering an annual growth of 11.64% during the last five years. The total production of cloth by all sector i.e. Mill, powerloom, handloom and khadi, wool and silk has shown an upward trend in recent years. The total production of cloth is anticipated to touch the figure of 42,314 million sq. metrs during 2002-03 showing an annual growth of 2.48% during last five years. The cloth production from the decentralized powerloom sector has shown significantly higher annual growth rate of 4.8% during last five years. The per capita domestic availability of cloth in the country has increased to 31.97 sq. metrs in 2001-02 from 30.92 sq. metrs in 1997-98.

97. The major weakness of our industry has been poor technological base. The modernization of textile industry gains more importance. The spindleage capacity of the organized sector has increased from about 36.67 million in 1998-99 to 38.75 million in 2002-2003. A noticeable feature in this growth process has been the installation of a large number of open-end rotors in 1990s and the tendency to set up 100% Export Oriented Units in the field of spinning. An on-going scheme of Technology Upgradation Fund Scheme (TUFS) exists which cover, all the sub-sectors of the textiles like spinning, weaving, knitting, processing, garment making, cotton ginning & pressing. To make more and more SSI units take the benefits of TUFS, an option either to avail of 12% credits linked capital subsidy or existing 5% interest reimbursement has been provided recently. The time limit of the Scheme has also been extended up to Tenth Plan. The Scheme is being implemented through selected nodal agencies i.e. IDBI (for Textile Industry excl. SSI Sector), SIDBI (for SSI textile sector) and IFCI (Jute Industry).

Progress of Loan Disbursement under TUFS as on 30.11.2002

(Rs. Crore)

	No. of applications	Project cost	Loan asked	Sanctioned	Disbursed
Power loom	170	171.99	117.76	101.04	40.24
Total	1970	15246.46	8761.48	5786.63	4206.99

98. Considering the importance of the cotton crop to the national economy, the Govt. of India has launched a Technology Mission on Cotton (TMC) from February 2000 to address the issue of low productivity and contamination. The Mission consists of four Mini-missions which are being jointly implemented by the Ministry of Agriculture and the Ministry of Textiles. Mini-Mission I and II are implemented by the Indian Council of Agricultural Research (ICAR) and the Ministry of Agriculture respectively, while Ministry of Textiles is the Nodal agency for implementation of Mini-Missions III & IV. As per the latest information available, upto December 2002 under Mini Mission III, 102 project proposals have been sanctioned. The total estimated cost involved is Rs.180 crore, out of which Government of India share would be Rs.89 crore. Under Mini Mission IV, modernization of 221 ginning and pressing factories have been sanctioned at an anticipated cost of Rs.271 crore, out of which Government of India share would be Rs.47 crore.

99. Two Centrally Sponsored Schemes namely Apparel Parks for Exports and Textiles Centre Infrastructure Development Schemes have been launched by the Government with the objective of promoting textile exports of international standards and providing textile export units with modern infrastructural facilities for growth and conducive investment environment. Under Integrated Apparel Park Scheme, financial assistance is to be provided for setting up parks of modern high-tech weaving/knitting modern processing units and Effluent Treatment Plants and also provide skill upgradation/testing facilities of high standards at the approved parks or textile growth centres. A budget provision of Rs.75 crore each for the above schemes has been earmarked for the Tenth Plan approved outlay.

100. The Budget allocation for Ministry of Textiles was enhanced substantially from Rs.457 crore in 2000-2001 to Rs.763 crore for the Annual Plan 2003-04.

101. In view of the importance of the Textile Sector in the national economy and the need to take urgent, time bound steps to attract investment and encourage growth in the Textile Sector, the Steering Group on Investment and Growth in Textiles under the Chairmanship of Shri N.K. Singh, Member, Planning Commission submitted its Report to enable the Government to consider fiscal changes and a ‘Textile Package’ in the Budget 2003-04. Majority of the recommendations of the Steering Group with regard to fiscal policy were accepted and incorporated in the Budget 2003-04 which inter alia included a continuous CENTVAT chain to promote compliance and to eliminate evasion thereby reducing distortions in the system i.e. discontinuation of deemed MODVAT credit. To encourage modernization, Custom Duty on a large number of Textile Machinery and their parts reduced from the existing 25% to just 5% and Custom Duty on Apparel Grade Raw Wool reduced from 15% to 5%. The Steering Group has also recommended constitution of a Textile Industry Reconstruction Fund with a corpus of Rs.3000 crore for financial restructuring of the Textile Industry. This recommendation is under consideration.

102. Technical Textiles is also one of the new areas which will be supported by the Government for legislation for mandatory use of the fire-retardant textiles in public buildings, improving road infrastructure, soil conservation efforts etc. Research and Development activities would cover decentralized sectors, Technical Textiles, product development, Eco-friendly technologies, cost reduction technology and information technology.

PSUs in the Textiles Sector

103. The **textile** industry is dominated by private sector. Only two PSUs, NTC and BIC exist in the sector i.e. NTC with 119 mills (53 identified viable mills + 66 unviable mills) and BIC with 2 woollen mills and 2 cotton subsidiary companies. For excess manpower, shortage of working capital and obsolete machinery, for the companies making continuous losses, the matter is referred to BIFR and the revival package is under consideration.

Jute

104. Two successive bumper crops of raw jute including mesta during the year 2001-02 at 105 lakh bales and estimated 110 lakh bales during 2002-03 have a dampening impact on raw jute market. During the period April-December 2002, total production of jute goods was lower at 1158.5 thousand tones as against 1218.8 thousand tones in the corresponding period of 2001-02. The production of sacking which was at 685.4 thousand tones during April-Sept. 2002 was lower as compared to the corresponding period 2001-02. However, hessian production during April-December 2002 was higher at 259.4 thousand tones as against 205.4 thousand tones in the corresponding period of last year. As per the present indication, production of jute goods during the financial year 2002-03 may be lower at 1550 thousand tones in comparison to total production of 1600.8 thousand tones in the year 2001-02.

105. National Centre for Jute Diversification (NCJD) is up production and marketing of jute diversified products.

106. Jute Manufactures Development Council (JMDC) has been entrusted with all functions relating to export promotion in the jute sector and also to perform other activities in the domestic market of jute sector. The Govt. of India finances the activities of JMDC out of the cess collected on various jute manufacturers wholly. JMDC is working in close association with Indian Jute Industrial Research Association (IJIRA) for development of low cost jute bags and promoting jute bags as an alternative to plastic bags in coordination with relevant State Govt. authorities.

107. Jute Entrepreneurs Assistance Scheme (JEAS), provides interest free loan to different categories of entrepreneurs upto a maximum limit of Rs.50 lakh from the Special Jute Development Fund. During the period April-November 2001, 712 new units have been assisted.

108**. Textile Research Associations (TRAs):** There are 8 TRAs (autonomous bodies) under the Ministry of Textiles to provide testing and research facilities; four for cotton (ATIRA, BTRA, SITRA, NITRA) and one each for wool (WRA), Jute (IJIRA), Silk (SASMIRA) and Synthetic (MANTRA. For their Plan schemes like upgradation of facilities, buildings etc. they depend on the budgetary support. However, with the objective of the Tenth Plan to make them self-sustaining, budgetary support will be gradually trapped off and in no case budgetary support should be allowed to be used for recurring expenses which presently is the practice.

ATOMIC ENERGY

109. Activities under I&M Sector primarily include manufacture of nuclear and structural materials and control systems to build and operate the nuclear power plants and management of the back end of the fuel cycle. The programme profile of I&M sector ensure that there is a sustained and timely supply of nuclear fuel and other materials for the operating nuclear power plants and the plants that are being built. The present total nuclear power capacity is 2720 Mw with 14 units (12 PHWR and 2 BWR) in commercial operation and it has been targeted to achieve 4020 Mw by the end of Tenth Plan and reach 9990 Mw by the end of Eleventh Plan.

110. Majority of the programmes implemented in the Ninth Plan have gainfully achieved the goals set by the DAE and the activities covered included; exploration for uranium, rare metal & rare earth and beach sand mineral resources, mining and processing of uranium ores and mineral sands, fabrication of nuclear fuel and production of heavy water for nuclear power reactors, reprocessing of the spent fuel and waste management, and production of control and instrumentation equipment for nuclear power plants. During the Plan period, the overall performance and safety record of the running plants were excellent. Reprocessing of spent fuel and irradiated thorium as well as waste management of the nuclear fuel cycle and constituted the front end of the nuclear power programme.

111. BRIT, plans to set up a new gamma radiation facility for providing efficient gamma radiation sterilization services to the healthcare sector in the country. It is also proposed to establish an integrated facility for radiation technology for manufacturing and supplying the state of the art equipment. A gamma radiation sterilization plant for Dai Kits, and other healthcare products would also be set up at or near Kota, Rajasthan for providing support to rural healthcare programme.

112. One of the projects of BARC to be executed is for upgradation of metal reduction technology and effluent handling. Under this project is proposed to install a facility for metal reduction of pelletised charge in place of powder reduction presently being used improving the uranium recovery in metal reduction stage. A facility would also be created for the research on production of intermetallic alloys of uranium and thorium for near future. A project for beryllium technology would, therefore, be undertaken for production of beryllium metal, alloys and beryllium oxide.

113. A new project on the second phase of Fast Reactor Fuel Reprocessing Plant (FRFRP) is being taken up at Indira Gandhi Centre for Atomic Research (IGCAR). This include remaining works such as fabrication and installation of process equipment like chopper, titanium dissolver, centrifuges, centrifugal extractors and sampling robots. After completion of these works, the plant would be ready to re-process the irradiated FBTR fuel. The second project titled PFBR Reprocessing plant would be pursued to close the fuel cycle so that the system will be self-sustaining without external PU input. A provision of Rs. 5 crore is provided fro augmentation of waste management facilities for PFBR fuel cycle.

114. The main thrust of HWB during the Tenth Plan would be to effect energy conservation, revamp and modernize the operating plants and augmentation of capacity of the Plants. During past two years substantial reduction in the specific energy consumption was achieved.

Emphasis would be placed on to effect energy conservation further by implementing schemes of minor modifications to the operating plants at Kota, Manuguru and tuticorin. Some of the items like catalysts having limited life need periodic replacement whereas some instrumentation items that have become obsolete need replacement.Such revamping and modernization of Manuguru, Hazira and Tuticorin Plant by incorporating modifications. Further, in view of the long term demand and supply scenario for Heavy Water, it is planned to take up the work for one additional stream for Heavy Water production at Manuguru with a capacity of 100 tpa. .Pre-project activities for Manuguru expansion would, therefore, be pursued and some R&D schemes would also be taken up besides continuing four schemes as spillover schemes.

115. The main emphasis at Electronics Corporation of India (ECIL) is on the up-gradation of technology and setting up of the manufacturing and test facilities for Instrumentation & Control equipment, Fuze products, Radio-communication products, related projects. A project on infrastructure creation including PCB technology up-gradation, IT across the company, security equipment and common R&D facilities would also be executed. By implementing these schemes the company aims to achieve a minimum of 15% growth per annum during the next five years.

SMALL SCALE INDUSTRIES AND FOOD PROCESSING INDUSTRIES

116. Small scale industries (SSIs) play an important role as less capital intensive producers of consumer goods and providers of employment to labour thereby addressing the problems of reducing poverty and unemployment. According to rough estimates, there are about 35.14 lakh small scale industrial units in the country accounting for more than 40 per cent of the total industrial production in the manufacturing sector and about 35 per cent of the total exports of the country. It provided employment to about 195.65 lakh persons upto 2002-03, which is second only to agriculture.

117. The SSI sector has generally recorded higher growth rate than the industry sector as a whole by two to three percentage points. Due to economic liberalisation, WTO regime, the sector has started feeling the effect of opening up of the economy and competition from imports. The Small Industries Development Bank of India (SIDBI) is the apex bank for the small scale sector disbursing large funds and providing refinance to commercial banks for on-lending to the SSI sector. A Credit Guarantee Scheme is under implementation and under this scheme, loans upto Rs.25 lakh are being guaranteed without any collateral guarantee by the Credit Guarantee Fund Trust for Small Industries. The Trust shall pay 75 per cent of the guaranteed amount on preferring of eligible claim by the lending institution. The balance 25 per cent of the guaranteed amount will be paid on the conclusion of recovery proceedings by the lending institution. Performance of this scheme has improved as 35 Member Lending Institutions including 25 Public Sector Banks are participating in the scheme. Intensive awareness efforts are being made amongst the SSI units/banks so that more SSI units could take advantage of the scheme.

118. Indicative physical targets and achievements in respect of production, employment and exports are given in Annexure 10.1.9. Details are discussed sector wise in subsequent paragraphs. Plan outlays and expenditure for 2001-02, 2002-03 (B.E.- RE) and 2003-04 (BE) are given in Annexure 10.1.8.

Small Scale Industries

119. The Ministry of SSI is implementing promotional and developmental schemes through the Small Industries Development Organisation (SIDO). SIDO provides services to the SSI units through a network of organisations viz. Small Industry Service Institutes (SISIs), Regional Testing Centres (RTCs), Field Testing Stations (FTSs), Process-cum-Product Development Centres (PPDCs), etc. SIDO provides technical input, quality testing facilities, training, extension, market development assistance, data base support, infrastructural facilities, credit guarantee, credit linked capital subsidy for technology upgradation.

120. A number of Tool Rooms have been set up to assist SSI units and to provide technical consultancy and common service facilities for design and production of quality tooling. SIDO is providing one time financial assistance for machinery to State Governments for setting up Mini Tool Rooms to help in creating localised training and production facilities. The State Government has to provide land, building and recurring expenditure for the mini tool room , while GOI provides grant upto Rs.9 crore for setting up of machinery for the mini tool rooms. Modernisation and technology upgradation of workshops of Small Industry Service Institutes (SISIs)/Regional Testing Centres (RTCs)/Field Testing Stations (FTSs) is being taken up in a phased manner to equip them with modern machines and skilled manpower.

121. Integrated Infrastructure Development Centres (IIDCs) scheme is under implementation since Eighth Five Year Plan Plan to augment the infrastructural facilities in rural and backward areas to promote industrial development. This scheme has been revamped by removing certain restrictive provisions and by providing liberal finance to North East Region, including Sikkim. So far, 74 IIDCs have been approved and are at various stages of implementation. Central grant of Rs.62.88 crore has been released upto September, 2003.

122. Collection of statistics of SSI is a plan scheme whereby relevant data/information pertaining to SSI sector are collected, compiled and disseminated. The quick results of the Third All India Census of Small Scale Industries have been released on 30th August, 2003. The final results are expected to be released soon. According to the quick results of the Small Scale Industries Census, employment per unit is 4.4 person and around 35% of the SSI units have become sick.

Prime Minister's Rozgar Yojana (PMRY)

123. Prime Minister's Rozgar Yojana (PMRY) was approved in 1992 with the objective of making available institutional finance to educated unemployed youths for setting up of self-employed ventures for all economically viable activities and create new job opportunities . A number of modifications have been made in the scheme to make it more effective e.g., increase in the upper age limit from 35 years to 45 years for SCs/STs ex-servicemen, women and physically disabled persons, reduction in minimum educational qualifications, enhancing the annual family income ceiling and project size for projects under industry and service sectors; relaxation of residency criteria for married women applicants and collateral free loan for projects under industry sector by the individual beneficiary; enhancing credit/loan portion for beneficiaries of N.E. states etc. During 2002-03, loans have been sanctioned to 2.17 lakh and distributed to

1.36 lakh educated unemployed youth against the Plan target of 2.56 lakh. Poor rate of recovery of loan over dues in some States is the cause of concern. Number of measures have been taken by the RBI and the Central Govt. to improve recovery of loan over dues under the scheme. During 2001-02 and 2002-03, funds released under PMRY were Rs.14.22 crore and Rs.15.44 crore respectively and Rs.18.85 crore is estimated for release during 2003-04 based on allocated targets. An evaluation study of PMRY carried out by the Institute for Applied Manpower Research (IAMR), New Delhi has indicated the average national rate of refund of loan instalments by beneficiaries is around 45 per cent. This is quite low and there is need to improve upon by selecting economically viable projects and making timely available funds to new units. It is also essential to make available large number of model project profiles to PMRY beneficiaries to increase refund rate.

National Small Industries Corporation Limited (NSIC)

124. The National Small Industries Corporation (NSIC) Limited was set up with the objectives of helping SSI sector by providing machinery on hire purchase, equipment on leasing, raw material assistance, marketing inputs for domestic and exports, single point registration, etc, to promote, aid and foster the growth of small industries in the country. NSIC is also helping in promoting viable small industries all over the country, particularly industries in backward areas North-Eastern States and in selected lines of production identified as priority areas for exports.

125. The scheme of 'Single Window' assistance helps exporting SSI units and the Corporation provides all necessary assistance to enable the SSI units to export. The products being exported by SSI units include builders' hardware, brass components, machine tools, hand tools, hand gloves, diesel engines, sanitary and bathroom fittings, sports goods, leather goods, garden tools, etc. NSIC is also helping SSI units to participate in international trade fairs. During 2003-04, upto November 2002, the exports (excluding software exports) from SSI units through NSIC were Rs.4.28 crore as against Rs.2.31 crore during the corresponding period of previous year. NSIC has registered 32,496 SSI units upto March, 2003, under Government Store Purchase Programme. During first eight months of 2003-04, 473 new units were registered under this programme. NSIC is also making project exports on turn key basis to developing countries. During 2002-03, the Corporation focussed upon (a) accelerate export of quality products of the SSI units, (b) facilitate easier access to SSIs in global markets, (c) inducing small enterprises to export markets and (d) effectively display product and technologies of SSI units at international forums.

126. NSIC is being restructured in view of losses incurred from past liabilities and operations. Provisions were made for bad debts and accounts. Now NSIC would focus on (a) technology and quality Upgradation, (b) marketing promotion, (c) international cooperation and (d) limited financial support for technology Upgradation to SSI units rather than concentrating upon hire purchase and leasing of machineries.

Coir Industry

127. It is a labour intensive but export oriented industry. It is using the bye product – coir husk of coconut plantation. The physical performance of Coir Industry could be seen at Annexure

10.1.9. Coir Board is looking after promotion, growth and development of the coir industry, export promotion and expansion of the domestic market by providing marketing inputs. The Board is implementing a number of developmental programmes for the coir sector; which include assistance for participation in exhibitions, coir industry awards, Mahila Coir Yojana, strengthening, of national level training institutes, model coir villages, group insurance scheme for artisans, financial assistance for modernisation, reduction of drudgery and other welfare measures for coir artisans. About 5.5 lakh people are in this industry. For historical reasons, coir industry has taken deep root in the State of Kerala but it is also functioning in Tamil Nadu, Karnataka and Andhra Pradesh in a small way. Thrust areas identified for developing the coir industry are: (i) modernisation of production infrastructure through appropriate technology without displacing labour, (ii) skill Upgradation through modern training programmes, (iii) expansion of domestic market through proper publicity, (iv) promotion of exports, (v) diversification to new products like coir geo-textiles, needled telt coir ply, coir pith, coir net, pith plus, etc. (vi) elimination of drudgery and pollution and (vii) application of R&D.

128. Coir Board has evolved a bacterial formulation Coir net which would enhance quality of green husk fibre, cost reduction and easy transportation. The process of faster composting coir pith has been developed. Patent application for these processes has been filed and National Research Development Corporation (NRDC) is productionising the process for commercial application through M/s. Cadila Pharmaceuticals Ltd., Ahmedabad. A mobile defibring machinery has been modified which has been developed by a local entrepreneur. Single ply coir yarn of fibre quality has been produced by blending it with various other natural fibres and various products like venetion blinds, curtains, handicraft items have been manufactured. Coir composing boards have been developed as packaging materials in association with Indian Institute of Packaging, Mumbai. Coir Board has developed Coir Bhoovastra – a mobile lawn for quick installation. This product has good wide application in homes, gardens, restaurants, etc.

Handlooms

129. Handlooms not only depict the heritage of India and richness and diversity of our country and artistry but also play a very important role in the economy by providing employment to about 120 lakh persons. Handloom is the largest economic activity after agriculture. This sector also earns valuable foreign exchange through export of handloom products. Due to effective state intervention in providing financial assistance and by implementation of developmental and welfare schemes, this sector has been able to successfully withstand the growing competition from the powerloom and mill sectors. This sector contributes around 15 per cent of the total cloth produced in the country. Performance of the sub-sector is indicated in Annexure 10.1.9.

130. Handlooms sector has been facing a number of problems like old technology and traditional production techniques, high price of hank yarn, inadequate availability of inputs like standardised dyes and chemicals in small packs, lack of new designs, need for inadequate upgradation of skills and inadequate marketing intelligence and feedback. Besides, it has certain inherent disadvantages like unorganised structure, weak financial base of the weavers and bureaucratization / politicisation of cooperatives.

131. The handloom sector is largely dependent on the organised mill sector for supply of its principal raw material, namely, hank yarn. The Central Govt. has been assisting the handloom

weavers in getting regular supply of hank yarn at reasonable prices through (a) Hank Yarn Obligation Scheme and (b) supply of yarn at mill gate price to handloom weavers through National Handloom Development Corporation (NHDC). NHDC had supplied 460.99 lakh kg. of yarn of value of Rs.361.02 crore during 2001-02 to the handloom agencies. Upto August, 2003, NHDC has supplied 115.40 lakh kg of hank yarn of value of Rs.99.12 crore. During 2002-03 Budget, excise duty has been levied on hank yarn. Till the end of February, 2002, hank yarn was exempted from excise duty. However, to avoid hardships to handloom weavers, due to additional cost of excise duty, the office of DC(Handlooms) has formulated a scheme to reimburse the excise duty to organisations supplying hank yarn at prices net of CENVAT to the handloom weavers on hank yarn .

132. To provide marketing support to handloom agencies and individual weavers, the Office of the DC(Handlooms) provides assistance for organising National Handloom Expos/Special Expos, District Level Events, for conferring National Awards to the Master Weavers and for participation in the Craft Melas organised in different parts of the country. In 2001-02, 9 National Handloom Expos and 9 Special Expos and 92 District Level Events were held. During 2002-03, about 18 National Handloom Expos/Special Expos and 132 District Level Events are proposed to be organised in different parts of the country alongwith the 6 Craft Melas at Udaipur, Hyderabad, Faridabad, Agra, Patiala and Kollam. During 2003-04, about 20 National/Special Expos and 150 District level events are proposed to be organised.

133. Welfare measures are provided to handloom weavers through group insurance scheme, health package scheme, Thrift fund scheme, project package scheme and work-shed- cum-housing scheme etc. The Hon'ble Prime Minister had announced on 15th August, 2002 the implementation of a special Contributory Insurance Scheme for Weavers and Artisans. Accordingly, a comprehensive scheme called "Bunker Bima Yojana" has been formulated and is under consideration for approval.

134. Deen Dayal Hathkargha Protsahan Yojana (DDHPY) was launched in April, 2000 and proposed to be continued till March, 2007 for development of the handlooms sector. Some of the earlier schemes like Project Package Scheme, Freelance Designer scheme, etc, have been subsumed in the DDHPY scheme. Under DDHPY financial assistance is being provided to handloom organisations for components like (i) basic inputs, (ii) infrastructure support, (iii) design input, (iv) publicity, (v) marketing incentive, (vi) transport subsidy, and (vii) strengthening of handloom organisations. Grant is provided in the ratio of 50:50 between Central and State Governments. In the case of N.E. States, Sikkim, J&K, Himachal Pradesh and Uttaranchal, the sharing would be 90:10. In case of implementing agencies having 100 per cent SC/ST/Women/ minorities the grant is shared in the ratio of 75:25. The assistance for marketing assistance would be in the ratio of 50:50 between the Central and State Governments in respect of all the States.

135. Under the Economic Package for J&K announced by the Prime Minister, the following projects have been undertaken by the Office of the Development Commissioner for Handlooms:

a) Integrated Project Proposal for Wool and Woollen Design Development Centres
b) A new Weavers' Service Centre in J&K.

Powerlooms

136. The decentralised powerlooms sector plays an important role in meeting clothing needs of the country and produces a wide variety of cloth, both grey as well as processed having intricate designs. There are over 3.84 lakh powerloom units contributing in the total cloth production of the country to the extent of 60 per cent, excluding the cloth produced by non SSI weaving and hosiery/knitting units. This sector employs around 43 lakh persons and also contributes significantly to the export earnings.

137. The estimated number of powerlooms in the decentralised sector in the country has increased from 6.39 lakh in 1986 to 17.20 lakh as on 31st July, 2003. Powerlooms are facing main problems like use of outdated technology, fragmented and small size units, high power tariffs, increasing power cuts, low skills, inadequate credit availability and poor marketing techniques. With globalisation, there is increasing competition from imports. It is necessary to modernize powerlooms, improve quality of production and productivity, provide higher design inputs and to pay attention to the social welfare needs of powerloom workers.

138. There are 14 Powerloom Service Centres (PSCs) functioning under the Textile Commissioner and 30 PSCs under the different Textile Research Associations (TRAs), namely, ATIRA, BTRA, MANTRA, NITRA, SASMIRA, IJIRA, SITRA and State government agencies of Madhya Pradesh and Karnataka. These PSCs are providing a variety of services including training, testing facilities, technical consultation, design development and diversification etc. and implement Group Insurance Scheme for powerloom units and weavers.

139. The powerlooms in the Powerloom Service Centres (PSCs) are very old and of outdated technology. There is a need to modernise and strengthen the existing PSCs by installing shuttle-less looms, Cop-changing/shuttle changing looms, Drop box looms, Dobby, Jacquard terry fabric weaving looms, prin winding machines, sectional warping machines, yarn and fabric testing equipment, chemical testing equipment, DG sets, etc. 21 PSCs have been modernized during the 9th Plan at the cost of Rs.12.67 crore and remaining are being modernized in the Tenth Plan.

140. To facilitate the creation of new designs, improve the designs and production in the fast changing global tradition in fashion, the Computer Aided Design (CAD) Centres were set up at 17 major powerloom clusters under different managing agencies. These CAD Centres have been given a recurring expenditure @ Rs.6.75 lakh per centre per annum till completion of 5 years.

141. Government of India have introduced a Group Insurance Scheme for powerloom workers in association with the Life Insurance Corporation of India since 1992-93. A modified scheme has been introduced from the current year under which powerloom workers aged between 18-59 years and below the poverty line (the poverty line for urban workers at 1999-2000 prices is estimated at Rs.454.1 per capita) or marginally higher than the BPL are eligible for an insurance coverage of Rs.50,000/- on accidental death/permanent disability; Rs.25,000/- on permanent partial disability; or Rs.20,000/- on partial disability under the scheme “Janashri Beema Yojana”. The annual premium of Rs.200/- would be shared by the Central Government, beneficiary and LIC in the order of Rs.60/-, Rs.40/- and Rs.100/- respectively. Under the add on scheme,

additional insurance coverage of Rs.30,000/- on natural as well as accidental death is made available at annual premium of Rs.180/- which would be shared equally by Central Government and beneficiary. On paying weaver can avail cumulative benefits. While an expenditure of Rs.12.9 lakh was incurred during 2002-03 under the erstwhile scheme and the new scheme is doing well with an estimated expenditure of Rs.13.56 lakh covering 19,823 powerloom workers till 30th September, 2003.

142. With a view to improve the working environment and enable the powerloom worker in obtaining higher productivity, Central Government has approved a Group Workshed Scheme, which has Tenth Plan provision of Rs.19.27 crore and provides for subsidy for construction of worksheds limited to 25% of the unit cost of construction subject to a maximum of Rs.80/- per sq. ft. In order to improve the infrastructure facilities the scheme envisages a link with the Textile Centre Infrastructure Development Scheme (TCIDS) which provides central assistance for improving critical infrastructure in existing or emerging textile centres.

Wool sector

143. The woollen industry in India is concentrated in the states of Himachal Pradesh, Punjab, Haryana, Rajasthan, Uttar Pradesh, Maharashtra and Gujarat. The organised sector, decentralised sector and the rural sector of woollen industry run complementary to each other in meeting the demand of different sections of the domestic market as well as exports. The industry comprises modern sophisticated fully composite mills in the organised sector as well as handloom and hand knotted carpet manufacturing units at the village level. The industry employs large number of people to the tune of 12 lakh persons. Most of whom are shepherds rearing sheep flocks and producing raw wool. Productivity of Indian wool rearers is quite low compared to international averages because of depleting grazing grounds.

144. With a view to harmonise various diversified interests of different sectors of the wool industry and to achieve integrated development of the industry, Central Wool Development Board (CWDB), Jodhpur, has been functioning since 1989. The CWDB has taken up various activities for increasing earning of sheep rearers and increase quality of wool, marketing intelligence, marketing of wool and woollens, standardisation of wool and woollen products, quality control, dissemination of information, product diversification, advising government on policy matters, coordination etc. to promote growth and development of woollen products.

145. For the development of Angora wool an UNDP aided project costing Rs.8.43 crore is under implementation. Rural unemployed youths and farmers of hilly areas of Uttar Pradesh, Himachal Pradesh, Darjeeling, Sikkim, etc, are encouraged to take up production and processing of Angora wool. Annual Production of Angora wool in the country is about 40 MT. The amount has been revised to Rs.3.57 crore which included provision of Rs.2.88 crore for Pashmina Project for Ladhakh region. Under the Integrated Sheep and Wool Development Project, aspects of breed improvement, health coverage, product development, marketing assistance, training to sheep breeders in sheep, sheep husbandry and productivity, etc, are taken up by the CWDB. The Board has covered 37.25 lakh sheep under this programme during 9th Plan.

146. CWDB has set up wool testing centres at Bikaner and Beawar in Rajasthan for providing testing facilities to wool growers, merchants and the industry. The Board has also set up mini

wool scouring plants, weaving and designing centres, training centres, industrial service centres, wool testing facilities, etc. A machine shearing-cum-training project is under implementation to encourage use of shearing machines to improve sheep yield of wool of good quality.

147. The Board has set up 10 centres in main wool markets to collect market intelligence information with respect to prevailing market rates of wool and yarn, latest trends and transactions of wool and woollen products on a weekly basis and disseminated to wool growers, wool merchants and wool users. The CWDB has also established a Weaving and Designing Training Centre at Kullu in Himachal Pradesh to impart training in latest weaving technology and new designs to the wool handloom weavers, so as to increase production, earnings and to get better market for their products. A new Technology Mission has been under formulation to increase productivity, earning of sheep rearers and wool weavers, etc. Efforts are under way to make available more grazing grounds by enabling States to use more and more graded waste land and to develop green pastures.

Sericulture

148. India is not only the second largest producer of silk in the world after China but it is producing all the four varieties of silk viz., Mulberry, Eri, Tasar and Muga. Sericulture is a labour intensive, agro based industry targeted to provide employment to about 56.00 lakh persons during 2002-03. The Central Silk Board (CSB) is covering three main areas of Research and Technology Development, Seed Maintenance and Development of Sericulture & Silk Industry and also providing extension and R&D inputs to sericulture industry in the country.

149. During the Ninth Plan period raw silk production of 17351 tonnes was achieved against the target of 20666 tonnes. During the Tenth Plan CSB has focused upon achieving international quality standards of all varieties of silk, strengthening R&D and transfer of appropriate technology, special emphasis on bi-voltine mulberry silk, strengthening of linkages between sericulture and textile industry, etc. Under the zero-based budgeting exercise, developmental schemes have been made more focused.

150. Research institutes are functioning at Mysore (Karnataka), Berhampore (West Bengal) and Pampore (Jammu & Kashmir), to deal with mulberry sericulture, the institute at Ranchi (Jharkhand) deals with Tasar, whereas the institute at Jorhat (Assam) is looking after muga and eri sericulture. The Central Silk Technological Research Institute (CSTRI) at Bangalore is engaged in providing post cocoon R&D support. CSB has established Silkworm Seed Technology Laboratory (SSTL) at Bangalore (Karnataka), Central Sericultural Germplasm Resource Centre (CSGRC) at Hosur (Tamil Nadu) and Seri Biotech Research Laboratory (SBRL) at Bangalore for R&D in areas related to silkworm races. CSB is providing technology, consultancy and extension facilities to various State Departments of Sericulture and their institutions.

151. Central Silk Board is providing quality silkworm seeds through National Silkworm Seed Project (NSSP). During 2002-03, 22 grainages (SSPCs) of CSB have prepared 183.68 lakh quality highbrid dfls. of different combinations. It is targeted to produce 216.24 lakh mulberry dfls. during 2003-04. Similarly, the production of Eri, Oak Tasar, Tropical Tasar and Muga dfls. during 2002-03 have been 0.06 lakh, 0.53 lakh, 18.06 lakh and 1.85 lakh respectively. During

the Tenth Plan period, the requirement of silkworm seeds would be higher than the present capacity of CSB Silk worm seed production Centres and State Government Centres. Hence private entrepreneurs are being encouraged to take up production of dfls. and seed cocoons. State Govt. seed production centres would also be strengthened suitably.

152. The CSB has formulated a number of schemes under Catalytic Development Programmes (CDP) and implemented in the Ninth Plan to motivate states to increase productivity and quality besides providing marketing support. During Tenth Plan, under the zero-based budgeting exercise, the CSB has revamped the CDP to give greater thrust to bi-voltine sericulture and greater market orientation to non-mulberry sector. The revamped CDP aims at development and expansion of host plantations, farm infrastructure, modern reeling and processing technologies for silk etc. A provision of Rs.173.73 crore has been ear marked for implementation of CDP during Tenth Plan period. During 2002-03, an expenditure of Rs.43.32 crore has been incurred by CSB towards implementation of various schemes/components under CDP.

153. The UNDP assisted sub-programme on development of non-mulberry silk (Tasar, Muga and Eri) in the states of Andhra Pradesh, West Bengal, Assam, Bihar, Jharkhand, Chattisgarh, Uttranchal, Orissa, Meghalaya and Nagaland under Fibres and Handicrafts Programme (FHAP) of Country Cooperation Frame Work-1 (CCF-1) in collaboration with GOI was completed in 2002-03. The total cost of the programme was Rs.42.48 crore, out of which the GOI share was Rs.5.33 crore. Thrust under this programme was on increase of quality egg production and supply, training and skill upgradation, technological support in pre-cocoon and post-cocoon processes, including reeling, spinning, etc.

154. Chattisragh State is implementing sericulture project in collaboration with Japanese Bank for International Cooperation (JBIC) at an estimated cost of Rs.748.55 crore. Under the first phase of the project (estimated cost – Rs.117.10 crore) tasar plantation of 4000 hectares would be raised.

155. The State Govt. of Manipur is implementing the first phase of “Manipur Sericulture Project” at an estimated cost of Rs.93.29 crore with financial assistance from JBIC, Japan. Under the first phase of the project, 1020-1700 hectares of mulberry plantation would be raised by 3000 to 5000 beneficiaries. 60 MT of raw silk is the production target.

156. Under the Japan International Cooperation Agency (JICA), assisted bio-voltine project (PPPBST Project II Phase), started in 1977, field verification and demonstration of biovoltine races evolved during phase I of the project have been completed and the performance of these bi-voltine races has been satisfactory. Average cacoon yield of over 60-80 kg. per hundred dfl., a renditta pf 6 kg. to 7 kg. and 2A to 4A grade raw silk (a high quality) have been obtained consistently. Under the III Phase “Project for Strengthening Extension System for Promotion of Bio-voltine in India” is under implementation from August, 2002 for a period of 5 years with a target to establish suitable extension system for promotion of bi-voltine in selected TSCs in the State of Karnataka, Tamilnadu and Andhra Pradesh.

157. The Tenth Plan target of providing 6700 MT of mulberry bi-voltine silk envisages special programme for large scale propagation of the new technology and new sturdy bi-voltine races

developed by CSB. During Tenth Plan CSB also envisages to encourage integrated soil-to-silk production units in the private sector by providing direct linkages between the sub-sector of the industry, ensure adoption of better quality standards, reorganization of sericulture related institutions in Central and State Governments and also to provide suitable policy interventions to create better conducive environment to achieve the Tenth Plan target for production, employment and exports.

Handicrafts

158. The Handicrafts sector is making significant contribution to employment generation and foreign exchange earning through exports as well as retaining heritage and tradition. Performance of the sector during 2001-02 and 2002-03 has been been encouraging, as may be seen in Annexure.

159. Various developmental schemes are being implemented by the Office of Development Commissioner (Handicrafts) to supplement the state activities in the handicrafts sector. The Plan schemes cover areas like training, design development, technology upgradation, market promotion, exhibitions and publicity, exports etc. Under the Ambedkar Hastashilpa Vikas Yojana (AHVY) focus is given on empowerment of artisans, providing marketing inputs, encouragement to artisans in formulating Self Help Groups (SHGs)/Cooperatives and cluster development. During 2002-03, 42 clusters were provided Rs.7.70 crore as financial assistance against the target of 100 clusters.

160. Training is being provided to artisans for upgrading the skills of existing craftsmen as well as to un-skilled ones with a view to expand employment and production base of crafts for economic growth. For reviving languishing crafts, focus is on training, providing financial assistance and marketing inputs. There are 198 departmental Basic Training Centres providing training for carpet weaving. Out of 198 Centres, 175 carpet weaving/advance centres are in J&K. For post-weaving operations like washing and finishing of carpets, training is provided in seven centres. Besides carpets, training is being provided to artisans for crafts like cane and bamboo, wood-wares, etc. During 2002-03, 2905 artisans were provided training.

161. Five Regional Design and Technical Development Centres (RDTDCs) are functioning at New Delhi, Mumbai, Bangalore, Calcutta and Guwahati. The activities carried out at these centres include making crafts a success in the contemporary market, and preserving traditional beauty of the crafts on the basis of strong/design inputs. Various institutes like NCDPD, Development Centre for Musical Instruments at Madras, Cane and Bamboo Development Institute at Agartala, Institute of Carpet Technology at Bhadohi (U.P.) and Metal Handicrafts Centre at Muradabad are helping handicraft units through research and design, develop technology, improve tools and equipment, develop new designs, prototypes, etc. During 2002-03, 80 design workshops were organized, 3650 new designs and 200 tool kits have been developed.

162. Under the scheme of marketing Support and Services, efforts are made to have a better and meaningful interaction with artisans, non-governmental organisations (NGOs), State Govts, exporters and traders. During 2002-03, 79 marketing programmes have been organized against

the target of 60. These programmes helped in generating sales worth Rs.17.41 crore which benefited 5400 artisans. In addition to above, 147 exhibitions were also organised which resulted in achieving sales of the order of Rs.8.16 crore benefiting 2396 artisans.

163. Under the scheme of Setting up Urban Haats similar to Delhi Haat, infrastructure would be created at prime locations of market interest. So far, 25 urban haats have been approved.

164. Export promotion efforts of office of DC (Handicrafts) and Export Promotion Council for Handicrafts include participation in international fairs in foreign countries, sponsoring Sales/ Technical cum Study teams to various countries. Exports from handicrafts includes craft items of zari and zari goods, art metal ware, wood ware, hand printed textiles and scarves and embroidered and crochet goods. Exports of handicrafts during 2002-03 were Rs.10933.67 crore .

Food Processing Industries

165. The Ministry of Food Processing Industries is looking after formulation and implementation of policies and plans within the overall national priorities and objectives for promotion and development of this sector. Food Processing Industries (FPI) has sub-sectors like grain processing, fruits and vegetable products, milk products, meat and dairy products, fish and fish processing, beverages, aerated drinks, etc. The Food Processing Industries sector had been identified as a sunrise industry which could play a significant role in increasing value addition in agricultural and horticultural produce, diversification and commercialization of agriculture, reduction in wastage of agriculture/ horticulture produce by increasing processing level, generating employment and enhancing exports.

166. Rice milling, pulses manufacturing and production of wheat flour and other wheat products are the main activities covered in the grain processing sector. The number of modern rice mills was 35088 as on 1st January,2002. No licence is required for setting up manufacturing/ processing facilities for rice or wheat. Nearly 12.50 million tonnes of wheat is converted into various wheat products annually and 820 roller flour mills with an installed capacity of 19.50 million tonnes were functioning as on 1st January,2001. Thirteen Regional Extension Service Centres have been set up in various states with agricultural universities/research institutions for encouraging modernisation of rice milling industry and by product utilisation. Post Harvest Technology Centre at Indian Institute of Technology (IIT), Kharagpur is conducting training programmes on Home Scale Food Processing and Preservation Techniques and Processing of Minor Millet. Production of bakery products is estimated to be in excess of 30 lakh tonnes. Organised sector is producing about 65 per cent of breads and biscuits, which account for 82 per cent of the total bakery products. Besides these, soft drinks, beer and alcoholic drinks are also a part of the food processing industry.

167. About 30 per cent of horticultural produce estimated to be worth around Rs.50000 crore is being wasted due to non-availability of post-harvest processing facilities, cold storages and cold chains. A strong and effective food processing sector would play a significant role in diversification of agricultural activities, improving value addition and exports of agro-products. This sector has vast potential for increasing production, exports and employment. In the Tenth Plan, it has been envisaged to increase the food processing level to 10 per cent from the

present level of 2 per cent. The estimated installed capacity of fruit and vegetable processing industries has increased to 21.10 lakh tonnes in 2001 from 21.00 lakh tonnes in 2000. This increase is negligible and fresh investment is necessary. There is an urgent need to reduce taxes on finished food products so as to make them attractive and available within the reach of masses. Reduction of excise duty on finished/ packed food products would make the FPI more attractive to get private sector investments. India is first in milk production and second in the production of fruits and vegetables in the world. India's milk production is expected to touch 81 million tonnes in 2000-01 from 78 million tonnes in 1999-2000. While about 80 per cent of the fruits and vegetables are processed in countries like Brazil, in India only about two per cent of horticultural produce is processed.

168. The schemes and programmes being implemented by the Ministry of Food Processing Industries include schemes like infrastructure development, technology upgradation and modernization of FPI units, backward and forward integration and other prominent activities, quality assurance, codex standards and R&D, human resource development and strengthening of institutions under MFPI. These schemes have been approved after the zero-base budgeting exercise under which 24 schemes of 9th Plan were reduced to 6 schemes to be taken up in the Tenth Plan period.

169. Special emphasis is being laid on supporting research and development activities for food processing and funds would be provided for development of traditional foods, new products/ processes/packaging materials, utilisation of bye-products, etc. R&D projects funded by the MFPI in 2001-02 for which grant was provided to universities/technological research institute include upgradation of traditional food technologies to enable greater productivity, energy saving, import substitution for packaging materials and food additives, development of intermediate products and dehydrated products with superior self-life development of cost effective and efficient food processing industries, frozen foods, etc. In the areas of packaging development to be provided more attention has to be paid for hot filling of food products in plastic containers, development of appropriate packages for ready to eat foods, traditional Indian khoya based sweets, meat and meat products, micro-oven suitable packages, retortable pouches for food items and bio-degradable packaging materials.

170. The existing infrastructural facilities are inadequate and need upgradation and modernisation. Facilities of quality testing and certification are not upto the standards required for meeting the demands of the domestic as well as the highly competitive export markets. Encouragement was given to set up food parks by State/Promotional organizations. So far 36 food parks (upto November, 2002) have been sanctioned and they are at various stages of completion. Some of the food parks in Kerala, and Tamilnadu, have been completed and new FPI units are being set up in these food parks.

171 To provide hygienic and quality food products to the consumers, the Food Products Order (FPO) 1955 is in vogue. Amendments in FPO are being carried out at the instance of the Central Fruit Products Advisory Committee having representatives of government, CFTRI, BIS, fruit and vegetable processors and processing industry. Amendments were carried out in 2001 and 2002. Draft specifications in respect of 61 products have been considered by the Central Fruit Products Advisory Committee and recommended for modifications. Campaigns have been launched to ensure that all processors of fruit and vegetable have a licence under the FPO.

172. Codex Alimentarius Commission is an international body constituted by Food and Agriculture Organisation (FAO) and World Health Organisation (WHO) to help in developing standards for food manufacturing and international trade by bringing together scientists, technical experts, government bodies, consumers and industry representatives. Codex standards are being used for safety and quality of food world-wide for international trade negotiations as well as for settling of disputes related to food processing. A monitoring cell has been set up in the Ministry of FPI for dissemination of information on Codex standards. The Codex Contact Point in India is the Directorate General of Health and Services in the Ministry of Health and Family Welfare. The MFPI is closely associated with the activities of Codex Elimentaries and five Shadow Committees are under the Ministry. The Hazard Analysis and Critical Control Point (HACCP) quality assurance system and ISO: 9000 Quality Management is extremely desirable. The Ministry is providing grants upto 50 per cent, with a maximum of Rs.10 lakh, towards cost of implementation of HACCP, Total Quality Management (TQM) and obtaining ISO:9000 certification, etc. During 2001-02, financial assistance of Rs.18 lakh has been provided.

173. The Ministry of FPI has prepared a draft National Food Processing Policy which envisages creation of enabling environment, infrastructure development and backward linkages at farm level. Views of the state governments, industry and experts are included in the draft policy. An outline on the Draft Food Processing Bill had been prepared by the Ministry of FPI. A Group of Ministers (GOM) have been set up to prepare a comprehensive Integrated Law for FPI.

Thrust Areas and Action Plan for 2003-04

174. As a follow up on the directive of the Prime Minister during the NDC meeting, draft Priority Agenda of Action for 2003-04 has been drawn up. Thrust/ priority would be given during the Annual Plan to the following:

- Formulation of an appropriate policy and creation of enabling environment to increase India's share in world exports from the existing level of 0.6% to 1%.
- Speedy implementation of the assistance package for the weavers and artisans.
- Implementation of the recommendations of the Task Force on Pharmaceutical Industry.
- Complete introduction of electronic data interchange with regard to foreign trade for on-line filing/ data collection etc. in respect of regulatory work of Department of Commerce.
- Comprehensive review of the functioning of Bureau of Indian Standards (BIS) with a view to strengthening its core competencies and exploring the possibility of outsourcing some of its activities.
- Formulation and implementation of scheme for technology upgradation in order to improve the competitiveness of the Indian industry vis-à-vis global players.
- Revamping the MOU system for public enterprises.
- Identification of industrial clusters with high growth potential for need-based and specifically designed intervention.
- Creation of enabling environment and intervention to increase India's share in world textile trade from 3% to 10%.

- Formulation of a National Agenda on utilization of nuclear technology for developmental applications.
- Re-engineering of all regulatory processes, both upstream (prior to investment approval) and downstream (during implementation).
- Further decontrol of drug prices on the basis of a clear set of regulatory principles, institutional mechanism for price regulation.
- Implementation of the report of the Task Force on Project Exports.
- Shaping up of the content of SEZ, and competitive economic zone policy, including the Central SEZ Act, to enable world class infrastructure through private participation and hassle free regulatory regime in various areas, including taxation, customs, labour etc. in SEZ.
- Legislation of mandatory GMP HACCP certification for all food exports in two years and formulation of a scheme for technical assistance to enable compliance by food processing industries.
- Merger of existing anti-dumping cell into an autonomous quasi judicial international trade commission with a broader mandate related to WTO disciplines and equipped with the technical capabilities of the erstwhile BICP, augmented by WTO related legal capacities.
- Firming up of the statutory basis for imposition of anti-dumping duties on the findings of the ITC.
- Making necessary amendments in the Essential Commodities Act to liberalise …..
- Preparation of a National Action Plan for consumer awareness, redressal and enforcement.
- Evolution of a policy for disinvestment of loss making PSUs.
- Evaluation of a final view on constituting asset management company for management and dispersal of residual share of disinvestment companies.
- Evaluation of a final view on setting up of a "Disinvestment Proceeds Fund" for the creation of new assets, investment, employment and retirement of public debt.
- Close monitoring of implementation of Cabinet decision on rationalization of subsidy scheme for urea and concession scheme for decontrolled fertilizers (DAP, MOP and complexes).
- Formulation of a long-term policy for fertilizer sector.
- Facilitating credit availability including collateral free credit to SSI and achieve higher coverage of SSI/ tiny units under credit guarantee trust fund scheme.
- Ensure availability of adequate funds for technology upgradation/ modernization, modern testing facilities, quality certification labs and upgradation of skills.
- Revision of policy on FDI, procedures for FDI clearances and strengthening of facilitation.
- Implementation of ERC recommendations and related VRS scheme aimed at reducing wasteful expansion.
- Comprehensive revision of Food Adulteration Act and other food laws for a new integrated food bill.

- Institutionalisation of consultations with industry on multi-lateral negotiations in the food sector
- Strengthening of quality control system for inputs and produce in agriculture.
- Introduction of policy procedures to promote R&D investments through FDI flows.
- Consideration of treatment of earnings from R&D exports at par with export earnings for income tax purposes.
- Completion of the transition to a new intellectual property rights regime in order to leverage our comparative advantage in knowledge based industries.
- Processing and implementation of the recommendations of the Rakesh Mohan, Abid Husain, S.P. Gupta and K.C. Pant commodity reports of small scale industries.
- Processing and implementation of ASCI report on procedural/ regulatory reforms on small scale sector along with follow up action on Govindrajan Committee Report.

175. A specific NDC Sub-Committee has already been constituted for creation of Investor-friendly Climate in the country.

Annexure 10.1.1

Foreign Direct Investment

Sl.No.	Sector	Equity limit	Entry Route
I	**Manufacturing**		
I.1	Drugs (recombinant DNA)	100%	FIPB
I.2	Petroleum Refining-PSUs	26%	FIPB
I.3	Oil marketing	74%	FIPB
I.4	SSI	25%	Automatic
II	**Minning & Quarying**		
II.1	Diamond, precious stones	74%	Automatic
II.2.1	Petro Explore:small field,bid	100%	FIPB
II.3.1	Petro Explore:Un incorp JV	60%	FIPB
II.2.3	Petro Explore:Incorp JV	51%	FIPB
II.3.1	Coal & Lignite	50%	Automatic
	Power user	100%	FIPB
	Other user	74%	FIPB
II.3.2	Coal Washery	50%	Automatic
		100%	FIPB
IV.	**Infrastructure Services**		
IV.1	Airports	74%	Automatic
IV.2	Civil Aviation	100%	FIPB
IV.3	Telecom	40%	FIPB
IV.3.1	Basic & Mobile	49%	FIPB
IV.3.2	Total Bandwidth	74%	FIPB
IV.3.3	Gateway	74%	FIPB
IV.4	Pipeline:Oil & Gas	51%	FIPB
V.	**Financial Services**		
V.1	Banking (private)	49%	Automatic
V.2	Investing companies	49%	FIPB
VI.	**Knowledge services**		
VI.1	Information Tech		
VI.1.1	ISP	100%	FIPB
VI.1.2	Email, Voice mail	100%	FIPB
VI.1.3	Radio Paging	74%	FIPB
VI.2	Broadcasting-DTH, KU	20%	FIPB
VI.2.1	Up linking	49%	FIPB
VII.	**Other Services**		
VII.1	Advertising	74%	Automatic
VII.2	Trading (export, SSI..)	51%	Automatic
VII.3	Courier service	100%	FIPB
VIII.	**Currently Banned Sectors**		
VIII.1	Plantations (other)	0%	FIPB
VIII.2	Real estate:		
VIII.2.1	Complexes (all categories)	0%	Automatic
VIII.2.2	Individual house/blding/shed	0%	FIPB

Sectors excluded:: Arms and ammunition, Atomic Energy, Railway Transport. Coal and lignite, Mining of iron, manganese, chrome, gypsum, sulphur, gold, diamonds, copper, zinc.

Annexure 10.1.2

Foreign Investment Inflows

(US $ million)

Item		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01(R)	2001-02(R)	2002-03(P)
1		2	3	4	5	6	7	8	9	10	11	12	13	14
A.	**Direct Investment**	**97**	**129**	**315**	**586**	**1,314**	**2,144**	**2,821**	**3,557**	**2,462**	**2,155**	**4,029**	**6,131**	**4,660**
I.	Equity (a+b+c+d+e)	..	129	315	586	1,314	2,144	2,821	3,557	2,462	2,155	2,400	4,095	2,700
	a. Government (SIA/FIPB)	..	66	222	280	701	1,249	1,922	2,754	1,821	1,410	1,456	2,221	919
	b. RBI	..	—	42	89	171	169	135	202	179	171	454	767	739
	c. NRI	..	63	51	217	442	715	639	241	62	84	67	35	—
	d. Acquisition of shares *	..	..	..	..	..	11	125	360	400	490	362	881	916
	e. Equity capital of unincorporated Bodies	..	..	..	..	..	..	..	..	..	..	61	191	126
II.	Re-invested Earnings $	..	..	..	..	..	..	..	..	..	..	1,350	1,646	1,498
III.	Other capital $$	..	..	..	..	..	..	..	..	..	..	279	390	462
B.	**Portfolio Investment**	**6**	**4**	**244**	**3,567**	**3,824**	**2,748**	**3,312**	**1,828**	**-61**	**3,026**	**2,760**	**2,021**	**979**
	a. GDRs/ADRs #	—	—	240	1,520	2,082	683	1,366	645	270	768	831	477	600
	b. FIIs **	—	—	1	1,665	1,503	2,009	1,926	979	-390	2,135	1,847	1,505	377
	c. Offshore funds and others	6	4	3	382	239	56	20	204	59	123	82	39	2
Total (A+B)		**103**	**133**	**559**	**4,153**	**5,138**	**4,892**	**6,133**	**5,385**	**2,401**	**5,181**	**6,789**	**8,152**	**5,639**

^ : Data are revised since August 2002. R : Revised.

* : Relates to acquisition of shares of Indian companies by non-residents under Section 5 of FEMA, 1999. Data on such acquisitions have been included as part of FDI since January 1996.

: Represents the amount raised by Indian Corporates through Global Depository Receipts (GDRs) and American Depository Receipts (ADRs).

** : Represents fresh inflow of funds by Foreign Institutional Investors (FIIs).

$: Data for 2002-03 are estimated as average of previous two years.

$$: Data pertain to inter company debt transactions of FDI entities.

Note : Data on FDI have been revised since 2000-01 with expanded coverage to approach international best practices, therefore, are not comparable with FDI data for previous years.

Annexure 10.1.3

Statewise Release of Funds to the States/ UTs under Centrally Sponsored Schemes (CSS)

Name of the Ministry/ Department : Department of Industrial Policy & Promotion

Name of the Scheme : Growth Centre Scheme

(Re in lakhs)

S.No.	Name of the State/UTs	2000-01	2001-02	2002-03	2003-04 (B.E.)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Andhra Pradesh	-	-	110	-
2.	Arunachal Pradesh	-	-	320	-
3.	Assam	200	900	-	
4.	Bihar	-	-	200	-
5.	Chhatisgarh	-	-	100	-
6.	Delhi	-	-	-	-
7	Goa	150	-	-	-
8	Gujarat	400	235	300	-
9	Haryana	150	200	450	-
10	Himachal Pradesh	-	-	153	-
11	Jammu & Kashmir	200	50	275	-
12	Jharkhand	-	-	-	-
13	Karnataka	200	-	-	-
14	Kerala	-	-	-	-
15	Madhya Pradesh	100	250	-	
16	Maharashtra	255	240	-	-
17	Manipur	100	-	-	-
18	Meghalaya	-	-	-	-
19	Mizoram	250	-	180	-
20	Nagaland	195	255	-	-
21	Orissa	-	675	240	-
22	Punjab	-	-	-	-
23	Rajasthan	-	-	850	-
24	Sikkim	-	-	-	-
25	Tamil Nadu	150	600	-	-
26	Tripura	250	270	500	-
27	Uttar Pradesh	650	1025	250	-
28	Uttaranchal Pradesh	-	-	-	-
29	West Bengal	-	350	300	-
30	Andaman & Nicobar Islands	-	-	-	-
31	Chandigarh	-	-	-	-
32	Dadra & Nagar Haveli	-	-	-	-
33	Daman & Diu	-	-	-	-
34	Lakshadweep	-	-	-	-
35	Pondicherry	-	100	250	-
	TOTAL	**3250**	**4000**	**5628**	**-**

Annexure 10.1.4

Statewise Release of Funds to the States/ UTs under Centrally Sponsored Schemes (CSS)

Name of the Ministry/ Department : Department of Industrial Policy & Promotion

Name of the Scheme : Transport Subsidy Scheme

(Re in lakhs)

S.No.	Name of the State/UTs	2000-01	2001-02	2002-03	2003-04 (B.E.)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Assam	4252.04*	6583.19*	9497.45*	
2.	Manipur				
3.	Tripura				
4.	Arunachal Pradesh				
5.	Meghalaya				
6.	Nagaland				
7.	Mizoram				
8.	Sikkim	-	69.59	-	-
9	Himachal Pradesh	4037.88	2238.23	1174.45	-
10	Jammu & Kashmir	275.86	69.54	191.03	-
11	U.P. (now Uttaranchal)	0.76	-	-	-
12	A&N Islands	33.46	3.19	0.81	-
13	Lakshadweepp	-	-	-	-
14	West Bengal (Darjeeling)	-	36.26	36.26	-
	TOTAL	**8600.00**	**9000.00**	**10900.00**	**-**

*From May, 2000, NEDFI has been designated as the nodal agency for disbursement of subsidy to eligible units in North Eastern Region (S.No. 1-7) and accordingly funds are released in favour of NEDFI.

Annexure 10.1.5

Statewise Release of Funds to the States/ UTs under Centrally Sponsored Schemes (CSS)

Name of the Ministry/ Department : Department of Commerce

Name of the Scheme : Critical Infrastructure Balance Scheme

(Rs in lakhs)

S.No.	Name of the State/UTs	2000-01	2001-02	2002-03	2003-04 (B.E.)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Andhra Pradesh	200.00		Scheme merged with "ASIDE"	
2.	Arunachal Pradesh				
3.	Assam	95.47	300.00		
4.	Bihar	99.81			
5.	Chhatisgarh				
6.	Delhi				
7	Goa				
8	Gujarat	100.00			
9	Haryana	12.20			
10	Himachal Pradesh	165.00	165.00		
11	Jammu & Kashmir	222.60	10.13		
12	Jharkhand				
13	Karnataka	250.00	274.08		
14	Kerala				
15	Madhya Pradesh	71.18	221.19		
16	Maharashtra	115.74	50.00		
17	Manipur				
18	Meghalaya				
19	Mizoram	135.53			
20	Nagaland				
21	Orissa	180.00			
22	Punjab	100.00	100.00		
23	Rajasthan				
24	Sikkim				
25	Tamil Nadu	200.00			
26	Tripura	100.00	85.24		
27	Uttar Pradesh				
28	Uttaranchal Pradesh				
29	West Bengal	65.00	100.00		
30	Andaman & Nicobar Islands				
31	Chandigarh				
32	Dadra & Nagar Haveli				
33	Daman & Diu				
34	Lakshadweep				
35	Pondicherry	99.00	150.00		
	TOTAL	**2199.33**	**1467.84**		

Annexure 10.1.6

Statewise Release of Funds to the States/ Uts
Under Centrally Sponsored Schemes (CSS)

Name of the Ministry/ Department : Department of Commerce
Name of the Scheme : Export Promotion Industrial Park (EPIP)

(Re in lakhs)

S.No.	Name of the State/UTs	2000-01	2001-02	2002-03	2003-04 (B.E.)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Andhra Pradesh	100.00		Scheme merged with "ASIDE"	
2.	Arunachal Pradesh				
3.	Assam				
4.	Bihar	300.00			
5.	Chhatisgarh				
6.	Delhi				
7	Goa				
8	Gujarat	100.00			
9	Haryana	250.00			
10	Himachal Pradesh	270.00			
11	Jammu & Kashmir	300.00			
12	Jharkhand				
13	Karnataka	81.00	200.00		
14	Kerala				
15	Madhya Pradesh				
16	Maharashtra				
17	Manipur				
18	Meghalaya				
19	Mizoram				
20	Nagaland	61.28	500.00		
21	Orissa	245.00			
22	Punjab	176.00	234.00		
23	Rajasthan	23.00	70.00		
24	Sikkim				
25	Tamil Nadu	114.00			
26	Tripura	300.00			
27	Uttar Pradesh	270.00	435.00		
28	Uttaranchal Pradesh				
29	West Bengal	110.00	61.00		
30	Andaman & Nicobar Islands				
31	Chandigarh				
32	Dadra & Nagar Haveli				
33	Daman & Diu				
34	Lakshadweep				
35	Pondicherry				
	TOTAL	**2000.28**	**2200.00**		

Annexure 10.1.7

Statewise Release of Funds to the States/ Uts under Centrally Sponsored Schemes (CSS)

Name of the Ministry/ Department : Department of Commerce

Name of the Scheme : Assistance to States for the Development of Export Infrastructure and other Allied Activities (ASIDE).

(Re in lakhs)

S.No.	Name of the State/UTs	2000-01	2001-02	2002-03	2003-04 (B.E.)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Andhra Pradesh		170.00	1200.00	1200.00
2.	Arunachal Pradesh		-	50.00	100.00
3.	Assam		208.00	200.00	400.00
4.	Bihar		330.98	300.00	600.00
5.	Chhatisgarh		200.00	400.00	400.00
6.	Delhi		-	10.00	200.00
7	Goa		-	600.00	600.00
8	Gujarat		118.14	1400.00	1400.00
9	Haryana		250.00	600.00	600.00
10	Himachal Pradesh		700.00	700.00	
11	Jammu & Kashmir		600.00	600.00	
12	Jharkhand		200.00	400.00	400.00
13	Karnataka		200.00	1800.00	1800.00
14	Kerala		450.00	1100.00	1100.00
15	Madhya Pradesh		213.95	1000.00	1000.00
16	Maharashtra		533.00	1600.00	3200.00
17	Manipur		11.00	100.00	200.00
18	Meghalaya		-	100.00	200.00
19	Mizoram		-	100.00	200.00
20	Nagaland		-	50.00	100.00
21	Orissa		-	450.00	900.00
22	Punjab		400.00	900.0	900.00
23	Rajasthan		239.15	1200.00	1200.00
24	Sikkim		-	50.00	100.00
25	Tamil Nadu		50.00	2800.00	2800.00
26	Tripura		-	150.00	300.00
27	Uttar Pradesh		306.75	2000.00	2000.00
28	Uttaranchal Pradesh		200.00	400.00	400.00
29	West Bengal		271.03	1000.00	1000.00
30	Andaman & Nicobar Islands		-	200.00	200.00
31	Chandigarh		-	100.00	200.00
32	Dadra & Nagar Haveli		-	300.00	300.00
33	Daman & Diu		-	150.00	300.00
34	Lakshadweep		-	200.00	200.00
35	Pondicherry		-	300.00	300.00
	TOTAL	**4352.00**	**22600.00**	**26100.00***	

*Against the allocation of Re 280.00 crores., Re 261.00 crores has been allocated.

Annexure 10.1.8

Sub-Sector-wise Outlays/Expenditure Annual Plan 2003-04

(Rs. crore)

Sl.	Industry/ Sub Sector	2001-02 Actuals	2002-03 (BE)			2002-03 (RE)/Exp.			2003-04		
			Outlay	BS	IEBR	Exp.	BS	IEBR	Outlay	BS	IEBR
	Ministry of SSI										
1	SIDO	173.14	313.00	313.00	0.00	249.23	249.23	0.00	305.00	305.00	0.00
2	NSIC	101.30	117.00	32.00	85.00	103.26	25.65	77.61	90.00	40.00	50.00
3	Other Schemes	0.48	5.00	5.00	0.00	0.83	0.83	0.00	5.00	5.00	0.00
	Total of SSI	**274.92**	**435.00**	**350.00**	**85.00**	**353.32**	**275.71**	**77.61**	**400.00**	**350.00**	**50.00**
	Ministry of ARI @										
1	Coir	11.60	13.80	13.80	0.00	11.24	11.24	0.00	18.00	18.00	0.00
2	PMRY	193.50	169.00	169.00	0.00	168.10	168.10	0.00	169.00	169.00	0.00
3	NPRI	0.00	1.00	1.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00
	Total of ARI	**205.10**	**183.80**	**183.80**	**0.00**	**179.34**	**179.30**	**0.00**	**188.00**	**188.00**	**0.00**
	Ministry of Textiles(VSI)										
1	Handlooms	113.00	140.00	140.00	0.00	130.83	130.83	0.00	156.77	156.77	0.00
2	Powerlooms	7.26	12.00	12.00	0.00	4.60	4.95	0.00	14.00	14.00	0.00
3	Handicrafts	76.84	88.00	88.00	0.00	71.65	72.41	0.00	103.55	103.55	0.00
4	Sericulture	88.41	87.50	87.50	0.00	91.07	91.07	0.00	92.68	92.68	0.00
5	Wool	5.62	8.00	5.26	2.74*	5.00	8.25	0.00	13.00	13.00	0.00
	Total of Textiles(VSI)	**291.13**	**335.50**	**332.76**	**2.74**	**303.15**	**307.51**	**0.00**	**380.00**	**380.00**	**0.00**
	Ministry of Food Processing Industries										
	Total Ministry of FPI	**55.00**	**75.00**	**75.00**	**0.00**	**73.00**	**75.00**	**0.00**	**75.00**	**75.00**	**0.00**

* UNDP Aid

@ KVIC outlays/expenditure are indicated in the Chapter on Rural Development

Annexure 10.1.9

Physical Performance (Sub-Sector) Annual Plan 2003-04

S. No.	Industry/sub-Sector	Unit	2001-02 Actuals	2002-03 Anticipated	2003-04 Targets
A	Production				
1	Small Scale Ind.	Rs. crore	690316	760631	935597
2	Coir Fibre	Tons	375000	375000	395000
3	Handloom Cloth	Mill. Sq. Mtrs.	7585	5989	6200
4	Powerloom Cloth	Mill. Sq. Mtrs.	25192	26109	25406
5	Raw Silk	Tons	17351	16211	19900
6	Handicrafts	Rs. crore	16278	19563	20356
B	**Employment**	Lakh Person			
1	Small Scale Ind.	Lakh Person	192.23	199.65	209.03
2	Coir Fibre	Lakh Person	5.67	5.80	6.00
3	Handloom Cloth	Lakh Person	124	120	124
4	Powerloom Cloth	Lakh Person	42	42	Not fixed
5	Sericulture	Lakh Person	55	56	57.50
6	Handicrafts	Lakh Person	58	60	62
7	Wool Development (Unorganised Sector)	Lakh Person	12	12	12
C	**Exports**	Rs. crore			
1	Small Scale Ind.	Rs. crore	71244	N.A.	N.A.
2	Coir Industry	Rs. crore	321	353	400
3	Handlooms	Rs. crore	2065	2633	575 mill US $
4	Powerlooms	Rs. crore	11000	13191	14500
5	Silk	Rs. crore	2235	2163	3060
6	Handicrafts	Rs. crore	9206	10934	11604

10.2 MINERALS

Development of minerals is essential for the assured industrial and infrastructure growth of the country. In last five decades sustained efforts in prospecting and development of minerals have considerably augmented the mineral inventory, however, self sufficiency in respect of copper, nickel, gold, diamond, platinum group of metals etc. is area of concern.

2. A review of the mineral exploration and development work indicates that most of the accessible and near surface deposits are either exhausted or under production. A major portion of the copper, lead and zinc reserves are in the 'possible ' category and have not been explored to the level of 'proved' reserves. Life indices of base metals for copper, lead, and zinc is estimated to be ten years, five years, and fifteen years respectively, however, in case of bauxite, country is in comfortable position with life index 153 years beyond 01-04-2007. Per capita consumption of aluminium in India is still very low. With 7 percent of world resources of bauxite, India's share in the world alumina production is only 4.3 percent and its share in world trade is 3.5 percent. There is adequate scope for increasing production of alumina and its exports. India is exporting bauxite and alumina around 10 lakh and three lakh tonnes as against world trade of 35 million tones and 17 million tones respectively. Aluminium industry is power intensive and power is scarce in India, but in the era of globalisation, possibilities of entering into joint venture for production of aluminium with countries having abundant power such as gulf may be explored. Efforts should be made for producing more alumina for export using state-of-the-art technology .

3. The self sufficiency acquired in minerals does not fully cater to the future industrial needs of the nation as only a few significant discoveries have been reported in the Ninth Plan. There is need for carrying out mineral exploration quite intensively for establishing more copper, lead, zinc recoverable reserves in the country. The mining sector has been thrown open to private sector, both foreign and domestic. The MMDR Act ,1957 has been amended for making it more investor friendly with emphasis on development rather than regulation. With this measure, Foreign Direct Investment (FDI) is expected to increase in this sector.

REVIEW OF ANNUAL PLAN 2002-03

4. The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) and rules framed were amended to make the statutory provisions at par with international best practices. The policy changes have attracted private investment in exploration of base-metals, noble metals and gem stones. Reconnaissance permits in 119 cases involving an area of over 155000 sq. kilometers have been granted till 31.12.2002 of which 46 reconnaissance permits for an area of over 68300 sq. kilometers were granted during 2002-03.

5. During the year 2002-03, two proposals involving Foreign Direct Investment to the tune of Rs.55 crores were approved through the Foreign Investment Promotion Board (FIPB) route, which takes the total number of FIPB approvals to 72, indicating an expected FDI inflow of Rs.4,018 crores.

ACTION TAKEN IN 2002-03

During 2002-03 ,MCR,1960 and MCDR,1988 have been further amended as follows.

- A time limit of ninety days has been prescribed for the Indian Bureau of Mines and the State Governments to convey decision on the mining plan submitted for approvals.
- Time limits have been prescribed for conveying a decision on applications for mineral concessions, viz. six months for reconnaissance permits, nine months for prospecting licenses and twelve months for mining leases.
- The provisions of penalty under MCDR.1988 was amended on 11TH January 2002 inserting new rule providing for intimation of amalgamation of mining leases in 30 days, enhancing the penalties for violation of rules etc.
- The Offshore Areas Mineral (Development and Regulation) Act, 2002 providing for development and regulation of mineral resources in the territorial waters, continental shelf, and the exclusive economic zone was notified on 31.1.2003. The legislation would enable streamline of mineral exploration and development in the offshore areas and ensure systematic and scientific exploitation of mineral reserves (except petroleum, natural gas and hydrocarbon resources) for attracting private investment in the mineral sector.

6. Concept of zero based budgeting was introduced in the Annual Plan 2002-03, the first year of the Tenth Plan and accordingly PSU's and organizations like Geological Survey of India (GSI) and Indian Bureau of Mines (IBM) have categorized their activities as per zero based budgeting. Monitoring of physical and financial performance through QPRs, based on zero based budgeting is being done by the Planning Commission.

7. After successful completion of the geological mapping of the country on 1:50,000 scale in previous plans, GSI has undertaken geochemical and geophysical mapping during the Tenth Five Year Plan . The activities of GSI need to be formulated in project mode for ensuring work of international standard in stipulated time frame. Modernization and restructuring of GSI was accorded priority during the Tenth Plan.

8. Indian Bureau of Mines (IBM) has carried out work on United Nations Frame work Classification (UNFC) of Indian Mineral resources for converting data according to international standards, besides preparation of overlays superimposing mineral maps with forest maps.

SUB SECTOR PROFILE

9. Sub sector wise details of the mineral sector are as given below:

IRON ORE

10. India's haematite reserves of iron ore (as on 1.4.2000) are estimated to be over 12317 million tonnes and magnetite ores of 5395 million tonnes .

11. The estimated production of iron ore in 2002-03 was 86.4 million tones against a target of 100.00 million tonnes . The dispatches of iron ore during 2002-03 was estimated to be 84.7

million tonnes inclusive of estimated 53.3. million tonnes for internal consumption and 31.4 million tonnes for exports.

12. The Government of India had approved development of Bailadila 10/11A iron ore project of the National Mineral Development Corporation (NMDC) at an estimated cost of Rs.430.50 crores including foreign exchange component of Rs.18.61 crores. The project construction has been completed. The load trials of Crushing Plant have been taken on July, 2002. Equipments in Screening Plant and Loading Plant are under load run operations. NMDC has taken up exploration of gold and diamond in Tanzania, Madagascar, Namibia and Mozambique.

13. The mining lease for Kudremukh iron ore company ltd. (KIOCL) was given for 30 years period which expired on 24th July 1999. Since then, the Company was working on temporary working permits granted to it. An NGO had filed a Writ Petition in the Hon'ble Supreme Court in May 2001, the question of long term renewal of mining lease to the Company. The Hon'ble Supreme Court pronounced its judgment on 30.10.2002 and as per this judgment; the Company can continue mining at Kudremukh only till December, 2005 which include the operations within the broken-up area and the mining would be for weathered ore only. The Company is continuing its efforts to obtain prospecting licence/mining lease for exploitation of iron ore deposits in other places in Karnatka, Orissa and Jharkhand.

CHROMITE ORE

14. The Chromite Ore reserves in the country are estimated at over 114 million tonnes as on 1.4.2000 (as per National Mineral Year Book 2002). The major quantity of these reserves are confined to state of Orissa.

15. The production of Chromite ore in the country during 2002-03 is estimated to be 2550 thousand tonnes. The dispatches of Chromite ore is estimated to be 1948 thousand tonnes inclusive of 1010 thosuand tonnes for domestic consumption and 938 thousand tonnes for exports.

16. In view of the fact that India endowed with the limited reserves of Chromite ore in the country, only certain grades of Chromite ore are allowed for export. Export Policy 2002-03 has stipulated specific ceiling in respect of export of Chromtie ore. The overall ceiling is 4 lakh for all Chromite ore inclusive of ceiling of 0.40 lakh tonnes of export per annum is applicable for Low Silica Friable / Fine Chromite Ore with Chromium Oxide between 52-54% and Silica exceeding 4% and 3.6 lakh tonnes for Low Silica friable / fine chromium ore with Chromium oxide not exceeding 52% and silica exceeding 4% and Chromite Lumps containing Chromium oxide not exceeding 40%. No ceiling is prescribed for the beneficiated Chromite concentrates, if average feed grade comprises of less than 42% of Cr_2O_3.

MANGANESE ORE

17. The total manganese ore reserves are estimated at 406 million tones as on 1.4.2000. The reserves suitable for ferro-manganese grade are 11% of total reserves. Manganese ores are found in Maharashtra, Madhya Pradesh, Orissa, and Karnataka. These states account for 95% of domestic production of manganese ore.

18. During 2002-03, the production of manganese ore was estimated to be 1.56 million tonnes. Manganese Ore India Ltd (MOIL), is the only PSU in the country producing Metallurgical and Blast Furnace Grade Manganese ore. Life index of adequacy of known reserves of manganese ore is low, therefore efforts are being made to conserve its use as well as restrict the export. The ceiling limit for export of manganese ores is 7 lakh tonnes per annum which includes 1.50 lakh tonnes for (a) not exceeding 0.25 lakh tonnes per annum (i) medium grade manganese ore blend containing 46% - 49% with not less than 0.24% P, (ii) medium grade manganese ore/blended ore containing 38% to 46% manganese and more than 0.1% to 0.15%P; (b) manganese not exceeding 4.00 lakh tonnes per annum of low grade manganese ore/blended ore containing less than 38% and (c) not exceeding 1.50 lakh tones per annum of Manganese ore fines below 12 mm in size containing less than 44% manganese.

19. As on 31.12.2002, the Govt. of India held 81.57% shares in Manganese Ore India Ltd. with State Governments of Maharashtra and Madhya Pradesh holding 9.62% and 8.81% shares respectively. In order to reduce inventory, MOIL has made efforts to export the ore. In the current year, the Company has exported more than 9,300 tonnes till December, 2002.

ALUMINIUM

20. The installed capacity for the production of Alumina in the country is 24,87,000 tonnes per annum and 7,14,000 tonnes per annum of Aluminium. There are five companies which produce Alumina and Aluminium viz. the National Aluminium Company Limited – a public sector undertaking; Bharat Aluminium Company Ltd. (BALCO) – a joint sector undertaking; Hindustan Aluminium Corporation Ltd. (HINDALCO), Indian Aluminium Company Ltd. (INDAL), and Madras Aluminium Company Ltd. (MALCO) all three in private sector.

21. During 2002-03 the production of Aluminium is estimated 689 thousand tonnes against a target of 701 thousand tonnes. The share of NALCO in the domestic production is about 36% (Annexure 10.2.2).

22. The third stream of Alumina Refinery of NALCO was commissioned during December, 2001. With this, the capacity of Alumina Refinery has increased from 10,50,000 tonnes per annum (tpa) to 15,75,000 tpa.

23. After expansion, NALCO becomes the largest alumina producer in Asia with an exportable surplus of one million tpa after meeting the internal demands of its smelter at Angul.

24. In National Aluminium Company Ltd. the Government of India holds 87.15% equity. The Government has taken a decision to further disinvest 30% equity of NALCO through a public offer (in the mix of domestic market 10% and through ADR 20%) and sale of 29.15% equity to a strategic partner bringing the Government equity down to 26% after reserving upto 2% of the equity for NALCO employees.

COPPER

25. The installed capacity for the production of copper in the country is estimated to be 3,47,500 tonnes per annum inclusive of 47,500 tonnes per annum capacity of Hindustan Copper

Limited. The domestic production of copper is not adequate to meet the demand, therefore, import of copper is permitted. Both private companies Sterlite and Birla Copper are dependent on imported copper concentrate for their operation. About 70% of domestic demand is met through imports.

26. The production of copper during 2002-03 is estimated to be 377 thousand tonnes (Annexure 10.2.2) against a target of 400 thousand tonnes. This was attributed to the closure of captive mines in Singhbhum (Jharkhand) and Khetri (Rajasthan) of Hindustan Copper Ltd.

27. Due to continuous fall in LME prices of copper and progressive reduction in Customs Duty on imported copper, HCL continued to incur losses. In order to make the Balance sheet of the company attractive for disinvestments and for keeping the Net Worth positive, Government accorded its approval to Second Financial Restructuring for the company in June, 2002.

LEAD AND ZINC

28. Hindustan Zinc Ltd. and Binani Industries Ltd. are the only producers of Zinc in the country. The installed capacity of Zinc is 199 thousand tonnes per annum and 43 thousand tonnes per annum for Lead. Hindustan Zinc Ltd. has the installed capacity of 169 thousand tonnes per annum for Zinc and 43 thousand tonnes per annum for Lead. During the year 2002-03, the production of Zinc was 235 thousand tonnes against a target of 237 thousand tonnes. Lead production was 39 thousand tonnes against a target of 37 thousand tonnes.

INDIAN BUREAU OF MINES

29. The Indian Bureau of Mines (IBM) is engaged in the promotion & conservation of minerals, protection of mines environment and scientific development of mineral resources of the country, other than coal, petroleum and natural gas, atomic minerals and minor minerals.

30. Ores and minerals as they occur in nature do not generally conform to the desired specifications of the down stream industries and as such these are subjected to ‘beneficiation processes’ to produce suitable raw material. There is need to develop technology for beneficiation of low grade ores /minerals which are still lying untapped in the country. IBM should endeavor to further develop modern facilities to under take beneficiation work particularly for low grade ores.

31. IBM has completed 50 mineral maps with forest overlays pertaining to 2001-02 and submitted with MOEF besides achieving target of 100 maps covering parts of Chhattisgarh and Orissa for the year 2002-03. There is need for completing this work on priority in view of promoting private investment in this sector.

32. Having regard to changing scenario in the mineral sector in the wake of liberalization of policy, concern of environment protection and ensuring systematic and scientific mining, the mandate for IBM has been revised recently as indicated in the annexure–10.2.3.

GEOLOGICAL SURVEY OF INDIA (GSI)

33. During the Annual Plan 2002-03, GSI remained engaged in ground geological survey, geophysical survey, mineral exploration, airborne survey, marine survey and digitization of maps

besides modernization of its laboratories. An area of about 8975 sq.km. has been mapped on 1:25,000 scale under Specialized Thematic Mapping against the target of 8778 sq.km. and exceeded the target . However, there has been shortfall in ground geophysical surveys wherein against the target of 7076.30 sq.km. 3948.8 sq.km. has been covered by gravity-magnetic geophysical mapping. GSI has also exceeded the targets of large scale mapping and drilling under mineral exploration programme,besides augmenting reserves of coal,lignite, iron ore and manganese etc. in different parts of the country. Under airborne survey programme GSI has covered 16713l km. against a target of 30800l km. This shortfall in airborne surveys is due to delay in getting clearance from MOD and DGCA. Marine surveys is also one of the major activities of GSI wherein systematic survey and parametric studies(Bathymetric, magnetic and sampling) within Exclusive Economic Zone (EEZ) and territorial waters were taken up during 2002-03. Geoscientists from GSI participated in Antarctic Expedition also.

MINERAL EXPLORATION CORPORATION LIMITED (MECL)

34. MECL carry out detailed exploration and exploratory mining for various metallic ,non metallic minerals including coal, lignite and coal bed methane (CBM). The company carried out promotional and contractual drilling besides, mining development during 2002-03. There has been shortfall of 32 percent in drilling and 10 percent in developmental mining during this period. For past few years company is under going losses and against a target of (-) Rs. 284 lakhs the actual losses have gone up further to the level of (-) Rs. 1429 lakhs in 2002-03. It is a loss making company slated for disinvestments**.**

EXTERNALLY AIDED PROJECTS

35. During Annual Plan 2002-03, GSI had proposed for modernization of the laboratory facilities and re-structuring of its ground, marine & aerial surveys with BRGM financial aid of Rs.70.00 crore, however, due to non realization of foreign aid, modernization programme could not be taken up during plan.

36. Four IBM-BRGM project proposals i.e. Management of solid Waste from Mining in India, Supply of Laboratory equipment to IBM, Capacity of building at State level for Mineral Development and Environmental Management; Implementation of United Nation’s Framework Classification for Mineral Resource Management in India under Grant-in-Aid are under active consideration of BRGM, France and Government of India, have been included in the Tenth Plan. These projects include Rs.3.33 crores BRGM, France assistance. During the year 2002-03 (up to December, 2002), 54 ore dressing investigations, 39,113 chemical analyses and 1,682 mineralogical examinations were completed. Besides, 12 in-plant studies were carried out during the period.

INTERNATIONAL MARKET BEHAVIOUR IN THE MINERAL SECTOR

37. The total world supply of aluminium up to December,2002 was around 17.5 million tonnes against the consumption of 16.8 million tonnes. The reactivation of power related idle capacity has largely supported the recovery in supply. The LME prices remained under pressure in 2002-03 due to slow growth in the economies of USA, Europe and Japan. The LME aluminium cash

prices remained around US$1300 per tonne. The prices have been quite volatile on account of uncertainties in the global economy.

38. Domestic price of copper is linked to LME price. Which have declined sharply from US$ 2844 per tonne in 1995-96 to US$ 1581 in 1998-99 and since then has been fluctuating. The over supply of copper concentrates from Chile and CIS and fall in demand from Europe have affected the LME price of copper. This has severely affected the financial position of Hindustan Copper Limited. The volatile LME price situation in recent years has affected global expenditure on mineral exploration and as such is an area of concern.

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OBJECTIVE

39. As a part of Tenth Plan, there will be a search for minerals in the off-shore areas. GSI will take active fault mapping, preparation of predictive seismic micro zonation maps and observational seismology for delineation of potential risks zone for geo-hazard management.

40. The modernization programme of GSI would include upgradation and expansion of laboratory instrumentation, drill machines etc. as well as Blue-water Research Vessel, Geo-technical Vessel, Coastal Launch and Air-borne Survey System.

PLAN OUTLAY

41. Plan outlay (RE) of Rs.1018.29 crore was approved for the Annual Plan 2002-03, which included Rs.703.25 crore as of IBER and Rs.315.04 crore of gross budgetary support (GBS). An outlay of Rs.888.05 crore was approved for the Annual Plan 2003-04, to be financed through IEBR of Rs.653.55 crore and GBS of Rs.234.50 crore including a sum of Rs.25.60 crore as foreign aid, routed through the budget (Annexure 10.2.1). Annual Plan (2003-04) allocations of Geological Survey of India and Indian Bureau of Mines include Rs. 15.19 crore and Rs 1.75 crore respectively for the mandatory expenditure in the North –East and Sikkim Region . There is no centrally sponsored scheme (CSS) in this sector.

THRUST AREAS

- To enhance the indigenous mineral resources, intensive exploration is required in the field of exploration of high value and low volume minerals like gold, diamond and platinum group of metals .
- An enabling environment must be created to attract new investment through private sector participation with modern technical and managerial expertise for finding new deposits and develop them sustainably in the Tenth Plan.
- India lacks adequate resource base in respect of a number of minerals for which the country has to depend largely on imports. There remains urgency for pursuing exploration efforts with modern concepts and tools for possible break through, mainly in locating concealed/deep seated mineral deposits/prospects in known mineralized belts and in identifying new geological environments for ore localization especially in deficient and non-existent commodities.
- It is also necessary to direct due attention on low grade ores in order to convert yester years waste into tomorrow's ore with the help of technological innovations by IBM.
- Thrust is required to augment uranium reserves for fulfilling the fuel requirement of proposed atomic energy production in the Tenth Plan period.
- Emphasis has been laid on state- of- the- art technology and integrated multi disciplinary approach to mineral exploration for discovering concealed deposits.
- Based on geological database, conceptual efforts are necessary for probing deposits at deeper level by integrating modern geological, geochemical and geophysical techniques.
- GSI would have to be restructured and modernized, including in the areas of instrumentation for both ground and aerial geophysical surveys, state-of-the-art laboratory instrumentation with high precision capabilities, etc. Also, a new research vessel would have to be acquired for carrying out bathymetric and magnetic surveys in off-shore areas for staking claim on extended continental shelf zone up to 350 nautical miles under III – UNCLOS".
- It would be necessary to adopt U.N. Framework Classification (UNFC) at the earliest and to bring up the National Mineral Inventory (NMI) as per this classification which will present reserves/resources of minerals on internationally uniform system inter-alia for attracting more FDI in the mining sector.

Annexure 10.2.1

Plan Outlay and Expenditure(BE, RE 2002-03 & BE 2003-04)

(Rs. in crore)

PSU Name	2001-02 Actual	2002-03 BE	2002-03 RE	2003-04 BE
National Aluminium Coy Ltd.	1054.13	900.00	700.00	650.00
Hindustan Copper Ltd.	95.00	25.00	85.00	20.00
Mineral Exploration Corporation Ltd.				
(a) Promotional	7.00	8.00	14.00	9.00
(b) Capital		3.00	3.00	0.00
Geological Survey of India	82.14	168.50	181.50	176.00
Indian Bureau of Mines	17.09	18.00	18.00	19.00
Science & Technology	7.62	8.50	9.79	8.05
Construction				
(a) GSI	8.00	6.00	6.00	5.00
(b) IBM		1.00	1.00	1.00
Total	1270.98	1138.00	1018.29	888.05

Annexure 10.2.2

Physical Performance for 2002-03 and target for AP 2003-04

Item	Unit	2001-02 Actual	2002-03 Plan Target	2002-03 Actual	2003-04 Target
1. Iron Ore	Mill. Ton.	80.99*	100.00	86.40	100.00
2. Aluminium	Tho. ton.	638.00	701.00	689.00	795.00**
3. Copper Cathode	Tho. ton.	336.00	400.00	377.00	378.00#
4. Zinc (Primary)	Tho. ton.	205.00	237.00	235.00	234.00@
5. Lead	Tho. ton.	38.00	37.00	39.00	36.00@@

* Estimated

** Including production from the private sector companies i.e. BALCO, HINDALCO, INDAL and MALCO

Including production from the private sector companies i.e. Sterlite Industries Ltd. & Birla Copper.

@ Production of primary zinc in HZL and the Private Sector unit, Binani Industries Ltd. (BIL)

@@Both plants of ILL at Thane and Kolkata are closed, as the Company is before BIFR.

Annexure 10.2.3

REVISED CHARTER OF FUNCTIONS OF IBM

1. To promote systematic and scientific development of mineral resources of the country (both on shore and off shore).
2. To approve mining plans, schemes and mine closure plans having regard to conservation of minerals and protection of mines environment.
3. To collect, collate and maintain database on exploration, prospecting, mines and minerals and to bring out publications/bulletins highlighting the problems and prospects of mining industry.
4. To play a pro-active role in minimizing adverse impact of mining on environment by undertaking environmental impact assessment studies on regional basis.
5. To conduct suo moto techno-economic field studies in mining, geology, mineral processing and environmental aspects including analysis of ore and minerals and to promote R&D activities in these areas.
6. To provide technical consultancy services on promotional basis within the country and abroad in the field of mining geology, mineral processing and environment.
7. To provide training to the scientific, technical and other cadres of the department and persons from the mining industry and other agencies for human resource development.
8. To advise the Government on matters in regard to mineral industry, relating to environmental protection and pollution control, export & import policies, trade, mineral legislation, fiscal incentives and related matters.
9. To promote awareness about conservation, systematic and scientific development of mineral deposits and protection of environment including restoration, reclamation and rehabilitation of mined out areas through exhibitions and audio and visual media.
10. To promote and monitor community development activities in the mining areas.
11. To undertake any such other activity as may become necessary in the light of the developments in the field of geology, mining, mineral beneficiation and environment.

10.3 ENERGY

Introduction

India ranks sixth in the world in terms of energy consumption. It consumed 3.5% of worlds commercial energy in the year 2002. However, the consumption of commercial energy actually reflects a suppressed demand due to supply constraints and affordability considerations. India's commercial energy consumption is expected to grow more rapidly than in the past as reforms take root and drive growth to achieve the Tenth Plan targets. Despite the significant rate of growth in energy supply over the last two decades, supply growth has lagged growth in commercial energy consumption. This has led to increased reliance on imports for meeting the gap between supply and consumption of commercial energy. Gas is emerging as a preferred fuel for power generation specially for peaking stations relying on gas turbines. To meet the increase in the demand for gas in India, import of natural gas is envisaged both as LNG and piped gas.

2. Over half of India's population doesn't have access to commercial energy. Increasing access to affordable commercial energy will remain the primary objective that shapes India's energy policies and plans. The Tenth Plan strategy for the sector includes increasing production of coal and electricity, promoting clean coal technologies, accelerated exploration for hydrocarbons, investing in equity oil abroad, higher efficiency through reforms that restructure and deregulate the energy sector and increase competition in each element of the energy value chain and demand management through introduction of energy efficient technologies/processes and appliances. The Electricity Act, 2003 is a reform initiative that would help realize efficiency gains through increased competition in the power sector.

3. Coal will continue to account for over 50% of the commercial energy consumption in the country during the next decade. Improvement in productivity, capacity utilization and technology adaptation would be the focus areas during the Tenth Plan for the coal sector. The share of oil and gas in the primary commercial energy consumption of the country has been increasing over the years and is currently estimated at 44%. Based on current projections the share of oil and gas in India's energy mix is expected to remain at this level over the next decade. Hydro, that had been increasing its share in India's commercial energy mix to reach just over 4% in 1980-81, will drop to a share of 3.1% by the end of the Tenth Plan before rising to 3.3% at the end of Eleventh Plan. The share of nuclear energy in the commercial energy mix has been rising over the years and is expected to reach 2.5% by the end of the Eleventh Plan.

4. A brief on major developments in respect of Coal & Lignite and Petroleum & Natural gas Sectors are given below. The detailed write up on the power sector is covered under chapter 11 on Infrastructure.

(i) Coal & Lignite

Introduction

5. In view of the fact that coal will continue to remain the principal source of commercial energy in the country for the foreseeable future, the Tenth Plan envisages rapid development

of coal resources for augmenting domestic coal production to meet the projected coal demand for the power sector in particular and other end use sectors in general through improved productivity, capacity utilisation, technology adaptation, simplified project clearance procedures, improved project implementation, exploration, conservation, etc. An important area of the Plan concerned restructuring the coal sector and facilitating private sector participation in commercial coal mining by means of necessary legislative amendments and setting up of regulatory mechanism to ensure fair competition and a level playing field in each segment of the coal production and supply chain, resolution of disputes, allocation of coal blocks for exploration and mining etc. Emphasis is also laid on augmentation of rail and port infrastructure facilities for improved coal movement and development of lignite resources, clean coal technologies, development of science & technology in coal sector and development of coal bed methane resources, etc.

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6. Coal demand is envisaged to grow at 5.74% during the Tenth Plan against an actual growth of 3.5% in the Ninth Plan. The anticipated coal offtake/consumption in 2002-03 at 361.68 mt excluding 4.1 mt of washery middlings is almost in line with the estimated demand and is about 3 % more than the actual coal offtake in 2001-02.

7. Similarly, the coal production is envisaged to grow at 4.46% in the Tenth Plan against 2.5% achieved in the Ninth Plan. The target of coal production of 335.70 mt in 2002-03 is likely to be achieved and is 2.5% more than the achievement in 2001-02.

8. Lignite production from Neyveli Lignite Corporation Ltd. (NLC) is envisaged to grow at 8% during the Tenth Plan against 1.1% achieved in the Ninth Plan. The anticipated lignite production of 18.85 mt in 2002-03 is about 94 % of the target for the year at 19.95 mt and is about 1% more than the actual achievement in 2001-02. Similarly, the anticipated gross power generation of 12350 million units (MU) in 2002-03 is about 84% of the target for the year at 14638 MU and is about 15% less than the actual achievement in 2001-02 at 14451 MU.

9. Presently, private sector participation in coal mining is limited to captive consumption. As this has not yielded the desired results, it has been proposed to allow private sector in commercial coal mining. However, the Bill to amend the Coal Mines (Nationalisation) Act 1973 for permitting private sector in commercial coal mining is yet to be passed by the Parliament. The action on the proposed restructuring of CIL to do away with the holding company structure and to give autonomy to the individual coal subsidiaries for promoting competitiveness as envisaged in the Tenth Plan is yet to be initiated. The revival of the loss making coal companies is also to take place. As per the new coal mining policy of Government of India, State Government companies or undertakings are allowed to do mining of coking, non-coking coal or lignite reserves, either by opencast or underground method, anywhere in the country without the earlier restriction of isolated small pockets subjected to certain conditions.

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Coal Demand

10. As against the anticipated coal offtake/consumption of 361.68 mt of raw coal excluding 4.10 mt of washery middlings in 2002-03, the estimated coal demand for Annual Plan 2003-04

is 380.90 mt excluding 4.29 mt of middlings. This is 5.3% more than the anticipated level of offtake in 2002-03. Of this estimated demand for 2003-04, 36.16 mt (9.5%) is of coking coal for steel sector for a hot metal production programme of 25.54 mt in 2003-04 and 344.74 mt (90.5%) is of non-coking coal. About 67% of the total estimated demand is for power sector utilities and includes the demand for a projected coal based generation programme of 370 billion Kwh in 2003-04. About 4% is for cement sector related to a cement production programme of 120.38 mt. About 6% for captive power and the remaining about 13% is for other sectors. The details of coal demand/off-take are given in the Table-1 below.

Table-1
Sectoral Coal Demand/Off-take

(million tonnes)

Sl. No.	Sector	Ninth Plan	Tenth Plan			
		2001-02	2002-03		2003-04	2006-07
		Actual	Target	Anticipated	Target	Projected
	Coking Coal					
1	Steel	27.60	32.90	29.05	35.35	35.32
2	Coke Ovens	0.83	1.50	0.66	0.81	1.89
	Sub-Total Coking:	**28.43**	**34.40**	**29.71**	**36.16**	**37.21**
	Non-Coking					
3	Power Utilities	248.14 (1.86)	249.50 (3.28)	249.50 (2.87)	256.00 (3.04)	317.14 (3.74)
4	Cement	15.25	17.10	16.42	16.50	24.56
5	Steel (DR)	5.10	4.00	5.09	5.36	7.00
6	Railways	-	-	-	-	-
7	Fertilisers	3.20	3.50	3.13	3.14	4.18
8	LTC/Soft Coke*					0.20
9	Cokeries/Coke Oven NLW)*					1.50
10	Export	0.02	0.05	0.02	0.02	0.10
11	Captive Power	17.41 (1.36)	21.15 (1.55)	20.97 (1.04)	22.49 (1.15)	28.26 (1.40)
12	BRK & Others	31.91 (0.28)	31.10 (0.10)	35.21 (0.10)	39.58 (0.10)	37.85 (0.10)
13	Colliery consumption	1.82	2.50	1.63	1.65	2.50
	Sub-Total NonCoking:	**322.85** (3.50)	**328.90** (4.93)	**331.97** (4.10)	**344.74** (4.29)	**423.29** (5.24)
	Grand Total:	**351.28** (3.50)	**363.30** (4.93)	**361.68** (4.10)	**380.90** (4.29)	**460.50** (5.24)

Note : (i) Figures in brackets are washery middlings and are not included in totals. (ii)*Included in BRK&Others

Coal Production

11. The target of coal production of 335.70 mt in 2002-03 is likely to be achieved. As against this, a coal production target of 350.05 mt is set for Annual Plan 2003-04. This comprises of 298.50 mt for CIL, 33.50 mt for SCCL, 7.85 mt for TISCO/IISCO/DVC, 5.20 mt from captive blocks and 5.00 mt from others (Meghalaya). The target of coal production in 2003-04 is 4.2% more than the anticipated production in 2002-03. The share of opencast production in CIL is about 83% and underground production is 17%. In SCCL, the share of opencast production is about 58% and that of underground production is 42%. There is a need to improve production from underground mines by adopting suitable technologies. The company-wise coal production is given in Table-2 below.

Table–2
Company-wise Coal Production
(in million tonnes)

Company	IX Plan	Tenth Plan			
	2001-02	2002-03		2003-04	2006-07
	Actual	Target	Anticipated	Target	Target
ECL	28.55	29.00	28.00	29.00	31.00
BCCL	25.25	28.00	25.50	27.50	33.00
CCL	33.81	34.25	34.25	35.50	43.30
NCL	42.46	44.00	45.00	46.50	52.00
WCL	37.01	37.00	37.20	37.25	37.50
SECL	64.12	65.25	66.50	69.00	84.55
MCL	47.81	48.00	49.20	53.10	68.00
NEC	0.64	0.50	0.65	0.65	0.65
CIL:	279.65	286.00	286.30	298.50	350.00
SCCL	30.81	32.50	32.50	33.50	36.13
TISCO/IISCO/DVC	7.71	7.60	7.85	7.85	7.64
Captive	4.46	5.50	4.15	5.20	6.73
Others	5.02	4.10	5.00	5.00	4.50
Total	**327.65**	**335.70**	**335.80**	**350.05**	**405.00**

12. The envisaged new coal production from the public sector coal companies in the terminal year 2006-07 of the Tenth Plan is 83.12 mt (79.11 mt by CIL and 4.01 mt by SCCL), which represents 22% of the target of 386.13 mt of these public sector coal companies. To meet the additional coal production, CIL has planned to take up 98 new projects for a total capacity of 197.40 mt with an estimated capital investment of Rs.23,159.24 crore and SCCL has planned to take up 17 new projects for a capacity of 4.13 mt with a capital investment of Rs.2116.96 crore. As against this, 8 projects for a total capacity of 4.32 mt per annum with a total capital cost of Rs.304.91 crore have been sanctioned by CIL under its delegated powers till 31.12.2002. Similarly, SCCL Board has sanctioned 3 projects for a capacity of 1.5 mtpa with a total capital investment of Rs.64.29 crore till 31.12.2002. In addition, action has been initiated with regard

to a number of new projects both in CIL and SCCL. The anticipated production from new category at 3.93 mt in 2002-03 from CIL represents about 56% of the target and no production from new category from SCCL is anticipated though a target of 0.1 mt was fixed for the same.

13. The contribution from captive blocks is about 1.5% only. This implies the need to encourage private sector participation in augmenting domestic coal production. The category-wise coal production is given in Table 3 below.

Table 3
Category-wise Coal Production - 2003-04

(Million Tonnes)

Category	CIL	SCCL	TISCO/ IISCO/DVC	Captive Blocks	Others (Meghalaya)	Total
Existing	26.71	4.12	7.85	4.15	5.00	47.83
Completed	223.42	24.01	-	-	-	247.43
Ongoing	32.13	5.37	-	-	-	37.50
New	16.24	0.00		1.05	0.00	17.29
TOTAL	**298.50**	**33.50**	**7.85**	**5.20**	**5.00**	**350.05**

Washed Coking and Non-Coking Coal

14. As against the anticipated **washed coking coal** production of 4.94 mt from CIL in 2002-03, the target of washed coking coal in 2003-04 is fixed at 5.33 mt. This is an area of concern and efforts need to be made in making available required quantity of washed coking coal of desired quality to the metallurgical sector. Similarly, the anticipated availability of **washed non-coking coal** from CIL sources is 7.98 mt against a target of 8.26 mt in 2002-03 and is targeted to reach 8.56 mt in 2003-04. There is a need to set up more number of washeries for washing non-coking coal for complying with the directive of MOEF in making available coal of not more than 34% ash for power generation.

Demand Supply & Coal Movement

15. The anticipated demand of raw coal at 361.68 mt in 2002-03 is planned to be met from a domestic production of 335.8 mt, a stock draw down of 1.9 mt (1.5 mt from CIL & 0.4 mt from SCCL) and an estimated import of 21 mt (11 mt of coking and 10 mt of non-coking coal). This leaves a gap of 2.98 mt.

16. The estimated raw coal demand of 380.90 mt in 2003-04 is planned to be met from a domestic production of 350.05 mt, and a stock draw down of 1.35 mt from CIL sources. This leaves a gap of 29.50 mt. With the proposed imports of 16.41 mt of coking coal for steel sector and 3 mt of non-coking coal for cement sector, a gap of 10.09 mt would still exist. The projected level of coal imports at 5% of the estimated demand is almost of the same level as that of the likely imports in 2002-03. Should the demand materialise, the gap needs to be bridged from available stocks and some additional production from the public sector coal companies. The demand-supply position is given in Table-4 below.

Table-4
Coal Demand-Supply – 2003-04

(million tonnes)

Demand	Domestic Production	Stock Draw-Down-CIL	Total Domestic Supply (2+3)	Proposed Imports			Total Supply (4+7)	Gap (8~1)
				Coking	Non-Coking	Total		
1	2	3	4	5	6	7	8	9
380.90	350.05	1.35	351.40	16.41	3.00	19.41	370.81	10.09

17. Of the assessed demand of 380.90 mt of raw coal in Annual Plan 2003-04, the planned offtake from CIL and SCCL is 333.35 mt or about 88 per cent. This is about 4 per cent more than the anticipated offtake in the current year from these companies. Of the planned offtake of CIL and SCCL, the proposed movement of coal by rail is 178 mt. or 53 percent and a total four wheeler wagons (FWWs) of 22419 per day will be required. This requirement is about 4 per cent more than the RE 2002-03.

18. There are certain critical rail links to be established in the potential coalfields like Talcher, Korba, North Karanpura and Bhoopalpalli. The doubling and electrification of Talcher and Paradip rail link in MCL, construction of Dipika - Pendra road rail link & development of rail link for Mand-Raigarh coalfield from Robertson Station in SECL, construction of Tori-Shivpuri railway line in North Karanpura of CCL etc. are some of the important rail links for proper development of potential coalfields in the Tenth Plan.

19. The share of other modes of transport in the offtake planned from CIL and SCCL is 60.78 mt (18%) by road, 79.64 mt (24%) by MGR, 13.87 mt (4%) by coastal shipping and 13.26 mt (4%) by other modes.

Lignite

20. Against the target of lignite production of 19.95 mt in 2002-03 for NLC, the anticipated production is 18.85 mt only. The reasons for shortfall are delay in commissioning of TPS-I Expansion project and delay in commissioning of STCMS unit. Correspondingly, the revised estimate of gross power generation is 12350 million units against the targeted generation of 14638 million units. As against this, the proposed lignite production target for Annual Plan 2003-04 is 20.90 mt matching the requirements of the downstream units and supply to STCMS unit. The target for gross power generation is set at 15006 million units. The proposed targets for 2003-04 indicate a growth of about 11 per cent in lignite production and 21.5 per cent growth in power generation. The proposed improvement in productivity is 5% and there is an increase in manpower by 2.1% in 2003-04.

Productivity

21. Against an anticipated overall OMS of 2.58 t (UG-0.67 t, OC-6.53 t) in CIL in 2002-03 the target of OMS for 2003-04 is set at 2.71 t (UG- 0.69 t, OC-6.96 t). The proposed increase is 5% over the anticipated OMS in 2002-03.

22. In case of SCCL against the anticipated overall OMS of 1.75t (UG-0.86 t, OC-7.76 t) the target of OMS for 2003-04 is set at 1.80 t (UG-0.94t, OC-6.8 t). The proposed increase is 2.85% over the anticipated OMS in 2002-03.

23. The proposed increase in coal production of CIL in 2003-04 is 12.20 mt or 4.3% over the anticipated production in 2002-03 with a proposed overall improvement in productivity of 5% and reduction in manpower of 2.6%. In case of SCCL, the proposed increase in coal production is 1 million tonne with an improvement in productivity of 2.85% and reduction in manpower of 0.5% in 2003-04.

24. In case of NLC, the proposed targets for 2003-04 indicate a growth of about 11% in lignite production and 21.5% growth in power generation with a proposed improvement in productivity of 5 per cent. However, there is an increase in manpower by 2.1% in 2003-04.

25. Bench marking of operations with regard to productivity, capacity utilisation, investment etc. in coal companies is important. Need for independent auditing of operations, efficiency of investment of resources etc. are some important areas of action for making the coal companies competitive.

Project Implementation

26. Land acquisition, forestry clearance, rehabilitation, equipment supplies, availability of funds, inadequate geological studies, improper project formulation, etc. continue to cause delays in implementation of coal projects and also deration of capacity and foreclosures of some of the projects.

27. A number of projects, particularly, belonging to ECL and BCCL have not been able to reach the sanctioned capacities even after approval of the revised cost estimates and were to be foreclosed for various technical and non-technical reasons including geo-mining, land acquisition and rehabilitation problems. This establishes a need for reviewing project formulation practices of the coal companies. The problems of mutation & transfer of land by the State Governments need to be addressed in the right perspective for meaningful implementation of coal projects by coal companies. Similarly, the aspects of grant/renewal of lease by State Governments are also equally important to reduce time delays in case of new projects. With regard to environmental and forestry clearances, number of times it was opined earlier that a single window system with specific time frame was essential. However, there is no improvement in this regard and it continues to take unduly long time for clearance of new projects. Further, charging of the “expectation value” towards forestland by the State Governments is becoming a hurdle in project implementation and coal companies are made to pay huge amounts in this regard adding to the cost of the projects over and above the cost of afforestation.

28. It has been observed that coal mining projects have long gestation period and are invariably suffering from time and cost overruns. It was opined that the existing provision for advance action is very meager and is desirable if the two-stage clearance system in vogue for hydel and nuclear power projects is also made applicable to coal sector projects. This can take care of land acquisition, resettlement and rehabilitation and environmental aspects in the first

stage with the approval of Committee of Public Investment Board (CPIB). The zero date should start with approval of DPR, which should also include the cost of first stage. This will help in completion of the project in time and reduction in IDC.

Coal & Lignite Reserves

29. The reserves of coal as on 1.1.2003 stand at 240.75 bt [Proved – 90.09 bt (37%); Indicated – 112.61 bt (47%); Inferred - 38.05 bt (16%)]. However, the estimated extractable reserves are about 18 bt (20% of the proved reserves) only. Similarly, the estimated lignite reserves of the country as on 1.1.2002 are 35.36 bt. There is a need to upgrade the available coal reserves to proved and extractable category of reserves.

Zero Based Budgeting

30. A review of all the central sector schemes under MOC on a Zero based budget methodology was carried out in the Planning Commission in consultation with MOC with a view to ascertaining the continuity, modification and changes in the Tenth Plan, Annual Plan 2002-03 and 2003-04. Accordingly, the schemes, namely, R&D/S&T, Coal Controller Organisation, Promotional Exploration, Detailed Exploration in Non-CIL blocks, VRS have been agreed to be continued in the Tenth Plan. However, the schemes of Environmental Measures and Subsidence Control (EMSC) and Rehabilitation, control of fire & subsidence in Jharia and Raniganj Coalfields have been merged under one scheme, namely, EMSC for continuation in the Tenth Plan and the scheme of IT has been taken out of Plan schemes.

Central Sector Schemes

Promotional Exploration

31. In order to accelerate the pace of Regional Exploration in coal & lignite and the subsequent detailed exploration for projectisation of reserves to match the rapidly increasing demand for coal, the promotional exploration scheme was initiated in the Seventh Plan.

32. Under this scheme, during the Tenth Plan, a drilling target of 3.3 lakh metres for coal and 2.7 lakh metres for lignite totaling to 6.0 lakh metres has been set. About 994 sq. km. area will be covered for coal and a reserve of 6.68 bt of coal is planned to be established during the Tenth Plan. This work will be carried out by GSI, CMPDI and MECL with funding from MOC. In addition to the drilling programme a scheme to create coal & lignite database for consolidating the data generated by various exploration agencies for facilitating future decisions has been proposed to be taken up under Promotional Exploration. Similarly, studies for Coal Bed Methane (CBM) for assessing the gas in place from boreholes drilled under Promotional Exploration programme has also been proposed for assessing the potentiality of coal blocks for CBM.

33. Against a target of drilling for promotional exploration of 1,20,300 meter in 2002-03, the likely achievement is 1,08,300 meter (90% of the target). As against this, the target of drilling in 2003-04 is set at 1,20,300 meter.

Detailed Drilling in Non-CIL Blocks

34. This scheme was taken up in Ninth Plan through budgetary support in order to reduce time lag between allotment of mining blocks to the private entrepreneurs and the commencement of coal mining operations by them and thus to make up the gap between the demand and availability of coal.

35. For the Tenth Plan, a target of 2.13 lakh meters has been set for detailed drilling in Non-CIL blocks, which will lead to establish 3.58 bt of coal reserves. Against a target of drilling of 42,000 meter in 2002-03, the likely achievement is 37,500 meter. The target of drilling for 2003-04 is set at 41,650 meter.

Science & Technology (R&D)

36. The Research & Development Programme in coal sector gained importance after nationalisation of coal industry. The programme was initiated in the year 1975. The Standing Scientific Research Committee (SSRC) was set up in MOC under the chairmanship of Secretary (Coal) and members from other Government Departments & Industry. SSRC is assisted by four Sub-Committees, namely, Production, Productivity & Safety; Coal Beneficiation; Coal Utilisation; and Environment & Ecology.

37. The three pronged approach i.e. (i) Coal S&T programme under SSRC to continue (ii) in-house R&D programme with coal companies and (iii) Inter-Sectoral Research - Technology Advisory Committee (IS-STAC), is adopted for development of R&D in the Tenth Plan. The major identified issues under the thrust areas for coal S&T programme are – coal gasification, coal washing, beneficiation of low volatile coking coals (LVMC), coal liquefaction, fluidised bed combustion, sequestration of CO_2 in control of green house gas and extraction of CBM, etc. About 41 projects are ongoing under Coal S&T in the beginning of 2002-03. Five new projects have been taken up during 2002-03. There is a need to identify and formulate new schemes matching the Tenth Plan thrust areas under S&T.

Environmental Measures and Subsidence Control (EMSC)

38. This scheme was introduced in the Eighth Plan for improvement of environmental conditions in the mined out areas and mitigation of problems arising out of subsidence and fire in Raniganj and Jharia coalfields. The scheme of rehabilitation, control of fire and subsidence in Jharia and Raniganj Coalfields has been merged with EMSC from 2002-03. There are 12 ongoing schemes under subsidence control, 8 schemes under environmental measures, 2 schemes under social mitigation and 4 under rehabilitation and control of fires at the beginning of 2002-03 and are continuing.

Voluntary Retirement Scheme (VRS)

39. This scheme was introduced in the Ninth Plan for improving the financial health of loss making coal companies by means of rationalisation of manpower by making available required funds through NRF initially, which was, later supported by extending budgetary support. To

begin with it was started in ECL and BCCL, which was extended to CCL later on. In the Ninth Plan, 44400 employees (ECL-19200, BCCL-19200, CCL-6000) were planned to be retired through VRS against which 34675 employees (ECL-16502, BCCL-15507, CCL-2666) or 78% of the target have been retired. As against this, 15500 employees (ECL-4000, BCCL-9000, CCL-2500) are planned to be retired through VRS during the Tenth Plan.

40. For Annual Plan 2002-03, a target of retiring 7485 employees (ECL-3125, BCCL-3635 and CCL-725) was fixed. Against this, the likely achievement is retirement of 5600 employees (ECL-2800, BCCL-2000 and CCL-800). For Annual Plan 2003-04, a target of retiring 5200 employees (ECL-2000, BCCL-2000 and CCL-1200) has been set.

Monitoring Mechanism

41. With a view to ensuring timely and effective implementation of projects and Central Sector Schemes of Coal Sector, Quarterly Performance Review (QPR) Meetings have been introduced in the Planning Commission in addition to the QPR Meetings being held in the Ministry.

Policy Measures

42. The Tenth Plan envisages expeditious passing of the pending Coal Bill 2000 for permitting private sector in non-captive coal mining, establishing an independent regulatory authority to ensure fair competition and a level playing field in each segment of coal production and supply chain, resolution of disputes etc., restructuring of CIL by doing away with the holding company and making subsidiary coal companies independent for promoting competitiveness and improving performance, setting up of an independent body for allocating coal blocks for both exploration and exploitation, undertaking all the required legislative amendments including that of labour laws, land acquisition, etc.

43. As per the new coal mining policy of Government of India, State Government companies or undertakings are allowed to do mining of coking, non-coking coal or lignite reserves, either by opencast or underground method, anywhere in the country without the earlier restriction of isolated small pockets subjected to certain conditions.

44. NLC has been permitted to diversify into coal fired power generation and a couple of projects are under consideration of government in this regard.

45. The huge outstanding coal and power sale dues are adversely affecting the financial health of coal companies. The envisaged securitisation of dues is yet to come through. However, as regards the current billing is concerned, no out standings are reported.

46. The domestic coal is getting outpriced due to high rail freights when compared to the imported coal, particularly, in coastal regions. This is because of cross subsidy by railways and there is a need for rationalising rail freight rates for coal.

47. Presently, the import duty on coking coal is 5% and that of non-coking coal is 25%. Rationalisation of import duties on coal is contemplated to increase coal imports, particularly the non-coking coal, which in turn is expected to promote competition in the sector.

48. The Government has revised the rates of royalty on coal with effect from 16th August 2002. The rate of royalty ranges from Rs.250/- per tonne for Group-I coals to Rs.90/- per tonne for Group-VI coals. These royalty rates on coal form about 19% of sale value of coal for Group-I to 11% for Group-VI coals. The royalty rate on lignite was revised to Rs.50/- per tonne with effect from 15th March 2001.

Safety & Welfare

49. Safety & Welfare of coal miners has been a priority area in various plans. Some of the major thrust areas identified for safety in coal mines for the Tenth Plan are –

(i) installation of environmental Tele-Monitoring Systems (ETMS) in mines;

(ii) digitizing mining plans at area level for identification of water danger from adjoining mines, checking correlation survey and estimating thickness of barriers;

(iii) replacement of timber support by steel support;

(iv) improved self-rescuers; etc.

The fatality rate reported in CIL for the year 2002 was 0.24 per million tonne of coal output and has been the lowest ever achieved. Similarly the fatality rate in SCCL has been 0.68 per million tonnes of coal output.

50. The housing satisfaction as on 31.12.2002 has reached a level of 80% in CIL and 49% in SCCL. A total population of 23.2 lakh has been covered under water supply scheme in CIL and 6.5 lakh in SCCL till December 2002. 87 hospitals with 5979 beds in CIL and 7 hospitals with 956 beds in SCCL are in operation. In addition to this, 436 dispensaries in CIL and 43 dispensaries in SCCL are also functioning.

Plan Outlay

51. An outlay of Rs.3491.47 crore was provided in BE 2002-03 for MOC. This included an outlay of Rs.292.72 crore for NLC (Power). As against this, the RE provision in 2002-03 has been Rs.2744.21 crore including Rs.318.61 crore for NLC (Power). The anticipated expenditure is about 21% short of the BE provision. The broad reasons for shortfall in expenditure have been delay in procurement of HEMM in CIL due to some legal issues. Also, delay in taking up of new projects has affected capital expenditure. In SCCL, the shortfall in expenditure has been due to delay in finalisation of contracts for some of the underground equipments and delay in taking up of new projects. However, in case of NLC, there has been a slight increase in RE over the provision made in BE and it is related to final payments towards main mining equipments in case of Mine-1A project and payments for TPS-I Expansion project. Also, there is a shortfall in some of the Central Sector Schemes, namely, VRS (48%) due to some carry forward balance, Regional Exploration (10%), EMSC (41%) etc.

52. For Annual Plan 2003-04, MOC has been provided an outlay of Rs.3321.30 crore in BE including Rs.278.45 crore for NLC (Power). This provision is 21% more than RE 2002-03. It has

been planned to finance the outlay through an IEBR of Rs.3035.40 crore and a GBS of Rs.285.90 crore. There is no component of EAP (component routed through Budget) and the entire budgetary support is meant for Central Sector Schemes of Ministry of Coal including VRS. The company-wise/scheme-wise details are given in Table-5 below.

Table-5
Company-wise/Scheme-wise Outlay and Expenditure

(Rs. Crore)

Company/Scheme	2001-02	2002-03		2003-04
	Provisional	BE	RE	BE
Coal India Ltd.	1146.69	2190.00	1705.52	2240.00
Singareni Coll. Co. Ltd.	181.92	405.00	227.00	340.00
Neyveli Lignite Corporation (Mines)	377.70	292.23	298.99	176.95
Science & Technology	0.17	7.55	9.50	22.48
Coal controller Organisation	0.17	0.21	0.21	0.21
Regional/Promotional .Exploration	31.61	49.19	44.27	56.10
Env. Measures & Subsidence Control	3.31	34.65	20.56	27.56
Detailed drilling in Non-CIL Blocks	45.85	13.92	12.53	12.52
Rehabilitation Project	7.24	-	-	-
Information Technology	0.51	-	-	-
Voluntary Retirement Scheme	192.38	206.00	107.02	138.44
Total Coal & Lignite	**1987.55**	**3198.75**	**2425.60**	**3014.26**
Neyveli Lignite Corporation (Power)	292.85	292.72	318.61	278.45
NEC	11.21	-	-	28.59
Total DOC	**2291.61**	**3491.47**	**2744.21**	**3321.30**

Externally Aided Projects

53. The major projects availing EAP component during the Ninth Plan have almost been completed and some residual amount is spilling over to Tenth Plan. Against an amount of Rs.15.48 crore towards the Coal Sector Environment and Social Mitigation Project of CIL provided in Annual Plan 2002-03, the RE provision has been Rs.12.91 crore only. No provision is made in 2003-04. Similarly against the provision of Rs.26.67 crore in Annual Plan 2002-03 for the residual component of World Bank loan for coal sector rehabilitation project of CIL, the RE provision has been Rs.200.91 crore only. The BE provision in 2003-04 is Rs.12.35 crore, which is a direct and residual component of Coal Sector Rehabilitation Plan of CIL. New projects need to be identified for EAP assistance in coal sector.

Actionable Points for Annual Plan 2003-04

54. The following actionable points have been identified for Ministry of Coal for Annual Plan 2003-04 in line with the directives of National Development Council (NDC) while approving the Tenth Five Year Plan.

55. On passing of the pending Coal Mines (Nationalisation) Amendment Bill, 2000 for permitting private sector in commercial coal mining, the following steps need to be taken:

(i) Setting up of an Independent Regulatory Authority to ensure fair competition and a level playing field in each segment of the coal production and supply chain, resolution of disputes and allocation of coal blocks for exploration and mining.
(ii) To encourage competition and promote private sector participation, it is proposed to de-block the coal blocks held by Coal India Ltd.
(iii) Permit trading of coal by removing it from the list of Essential Commodities Act and amend the provisions of Coal Bearing Areas (Acquisition & Development) Act, 1957 and Contract Labour (Regulation & Abolition) Act, 1970.

(ii) Petroleum and Natural Gas Sector

Introduction

56. The Tenth Plan proposes to consolidate and expand the steps initiated earlier in respect of re-structuring the hydrocarbon sector through disinvestment, private participation in marketing and distribution of petroleum products, and award of exploration blocks through international competitive bidding under the New Exploration Licensing Policy (NELP). A concerted effort has been undertaken for enhancing energy security by acquiring equity oil and gas abroad, diversification of oil imports and accelerated exploration through NELP. A regulatory framework is envisaged for the hydrocarbon sector to ensure greater competition that enhances consumer satisfaction.

57. In the first three bidding rounds of NELP, 70 blocks were awarded. Recently, 24 additional blocks have been announced for bidding under the fourth round of NELP. Agreements for exploration and equity oil/gas have been signed for the Sakhalin-1 offshore field in Russia, Greater Nile oil project in Sudan and in other countries namely Vietnam, Iraq, Iran, Libya and Myanmar. Auto fuel quality has been improved to enable the automobile industry to comply with prescribed emission norms. Supply of blended motor spirit with 5% ethanol has been introduced in nine states.

Review of Annual Plan 2002-03

58. Against the projected consumption of 120.4 MMT of petroleum products in the terminal year of the Tenth Plan, the actual consumption during 2002-03 is estimated to be 104.14 MMT indicating an annual growth rate of 3.7% over the actual consumption of 100.43 MMT during 2001-02.

59. Against the Tenth Plan targets of 1941.12 thousand meters and 1533.96 thousand meters of exploratory and development drilling respectively, the estimated achievements in the year 2002-03 for National Oil Companies (ONGC & OIL) are 456.08 thousand meters and 474.67 thousand meters respectively. These are higher by 6.4% and 29.3% compared to the actual performance of 428.65 thousand meters and 367.21 thousand meters for 2001-02 respectively. At this pace, the National Oil Companies are likely to exceed the Tenth Plan targets for exploratory & development drilling.

60. The Tenth Plan target for Crude Oil production is 169.38 MMT inclusive of production by private/joint sector producers. The crude oil production including production from joint venture and private sector companies for 2002-03 was 33.04 MMT. This was 3.2% higher than the production of 32.03 MMT in 2001-02. The 2002-03 production substantially met the target for the year and contributed 18.9% of the domestic crude production targeted for the Tenth Plan.

61. The cumulative Tenth Plan target for natural gas production has been kept as 177.48 BCM. The actual production of 31.39 BCM in 2002-03 was 5.7% higher than the production in 2001-02. The 2002-03 production met the target set for the year and contributed 17.7% of the production targetted for the Tenth Plan.

62. The refining capacity, as on 1.4.2003, was 116.97 MMT. No capacity addition is envisaged during 2003-04. The domestic refining capacity is keeping pace with the growth in domestic consumption of petroleum products.

63. During 2001-02, 78.7 MMT of crude oil and 7.0 MMT of petroleum products were imported, while 10.1 MMT of petroleum products were exported. Against the import targets of 94.29 MMT crude oil and 2.13 MMT petroleum products during 2002-03, the actual imports are estimated as 82.35 MMT and 6.37 MMT respectively. Again, the export of petroleum products for 2002-03 is estimated as 10.28 MMT against a target of 14.83 MMT.

Sectoral Reforms

64. As part of the reform process, the sector is being gradually liberalized. Starting with delicensing of refineries and making NELP terms far more progressive, IBP has been divested and the divestment process for BPCL and HPCL firmly initiated. Further, new entrants including private sector companies such as Shell India, Reliance Industries and Essar Oil have been given marketing rights for transportation fuels. Again, ONGC and IOC have been permitted to become integrated oil majors to better compete as equals with foreign oil majors expected to enter the Indian Market. Finally, the Petroleum Regulatory Board Bill 2002 has been introduced in the Parliament. The main objective of the proposed regulatory regime is the institution of a competitive market for the oil and gas sector.

65. The Administered Pricing Mechanism (APM) which governed the prices of transportation fuels, LPG and kerosene has been dismantled w.e.f. 1.4.2002. While motor spirit, diesel and aviation turbine fuel are being priced on import parity basis, kerosene and LPG still carry subsidies that are not fully met through the budget. The consumer prices have not been allowed to increase even though the total subsidy amount included in the central budget is fixed. Higher import parity prices paid by the oil marketing companies have thus resulted in losses on sale of these two products. Implicitly, it has forced the oil marketing companies to cross subsidise kerosene and LPG with profits from transport fuels.

ANNUAL PLAN 2003-04

Programmes and Schemes:

Demand of Petroleum Products

66. The likely consumption of petroleum products in 2003-04 is estimated at about 107.16 MMT against the estimated consumption of 104.14 MMT during 2002-03. This yields an annual growth rate of only 2.9%.

Imports of Crude Oil & Petroleum Products

67. The targets for imports of crude oil and petroleum products during 2003-04 have been fixed at 87.62 MMT and 8.27 MMT respectively. The export target for petroleum products has been fixed at 12.73 MMT for 2003-04. The 2003-04 import targets are 6.4% higher for crude oil and 29.8% higher for petroleum products, while the export target for petroleum products is 23.8% higher than the corresponding level in 2002-03.

Exploratory and Development Drilling

68. The targets for 2003-04 for exploratory and development drilling have been kept at 557.86 thousand meters and 501.45 thousand meters respectively. These are 22.3% and 5.6% higher than the estimated respective achievements during Annual Plan 2002-03. The details of drilling activities are presented in Annexure 10.3.1.

Crude Oil Production

69. The target for crude oil production for Annual Plan 2003-04 has been kept at 33.50 MMT which is only marginally higher than the 2002-03 production of 33.04 MMT. Enhanced Oil Recovery (EOR) and Improved Oil Recovery (IOR) investments are helping maintain current production levels despite the absence of any significant new discoveries. The details of crude oil production are provided in Annexure 10.3.2.

Natural Gas Production

70. A target of 31.30 BCM has been fixed for natural gas production in 2003-04 against the production of 31.39 BCM in 2002-03. The stagnant level of gas production reflects the shut down planned by ONGC for the year 2003-04 for some of the offshore gas production installations. The details of natural gas production are provided at Annexure 10.3.3.

Refining Capacity

71. The country has achieved self-sufficiency in refining capacity. The refinery sector has been de-licensed. The setting up of additional refining capacity would depend upon several factors such as duty structure, domestic demand, import and export possibilities and likely refining margins. Details of refining capacity are given in Annexure 10.3.4.

Environmental Initiatives

72. Refineries have implemented programmes for upgradation of petrol and diesel quality in the past few years. Currently, diesel conforming to Bharat stage II is being supplied to the metropolitan cities. The refineries are implementing projects to extend Bharat Stage-II specification to other parts of the country while introducing Bharat Stage –III (equivalent to Euro –III) specifications for petrol and diesel in the 4 metros and 7 major cities from April, 2005.

Alternate Fuels

73. A Task Force has been constituted by the Ministry of Petroleum and Natural Gas to consider raising the percentage of ethanol blending in petrol upto 10%. A pilot project on blending of diesel with upto 5% Bio-diesel is also being taken up. The Planning Commission has separately constituted a task force on Hydrogen Energy.

Major Projects

74. The major public sector projects under implementation are given below:

(i) Mumbai High North redevelopment plans – ONGC

(ii) Mumbai High South redevelopment plans – ONGC

(iii) HBJ Expansion project (Phase I) - GAIL

(iv) Panipat Refinery Expansion from 6 MMTPA to 12 MMTPA – IOC

(v) 9 MMTPA grass-root refinery in Eastern India – IOC

(vi) 9 MMTPA Punjab Refinery & Crude Oil Pipeline project - HPCL

(vii) 6 MMTPA Central India Refinery Project - BPCL

75. The details of project costs, outlays and expenditures for 2002-03, approved outlay for 2003-04 and the schedule of commissioning of the above projects are given in the Annexure –10.3.5. It is pointed out that the actual realization of the refineries listed under (v), (vi) & (vii) above would be linked closely to domestic growth in consumption for petroleum products since, despite regional imbalances, the current refining capacity is more than adequate for the current levels of consumption of petroleum products.

Outlay

76. An outlay of Rs. 22080.43 crore (BE) has been provided in the Annual Plan 2003-04 for the Petroleum and Natural Gas Sector (Rs. 16950.43 crore for Exploration and Production Sector, and Rs. 5130.00 crore for Refining and Marketing Sector). No budgetary support would be provided to Petroleum & Natural Gas Sector. The company-wise outlays and expenditures are provided in Annexure –10.3.6.

Annexure-10.3.1

Petroleum and Natural Gas
Drilling programmes

('000 meters)

Programmes	2001-02 Actual	Tenth Plan (2002-07) Target	2002-03		2003-04 Target
			Target	Anticiptd. Achievement	
1. Exploratory Drilling					
a) ONGC					
i) Onshore	343.75	1095.01	307.51	329.30	326.36
ii) Offshore	45.34	480.51	111.30	71.78	165.50
b) OIL					
i) Onshore	39.56	338.1	58.00	55.00	66.00
ii) Offshore	0.00	27.5	0.00	0.00	0.00
Total (Expl.)	**428.65**	**1941.12**	**476.81**	**456.08**	**557.86**
2. Development Drilling					
a) ONGC					
i) Onshore	242.63	694.51	266.26	279.09	296.35
ii) Offshore	67.11	469.45	140.00	125.58	135.10
b) OIL					
i) Onshore	57.47	370.00	60.20	70.00	70.00
ii) Offshore	0.00	0.00	0.00	0.00	0.00
Total (Dev.)	**367.21**	**1533.96**	**466.46**	**474.67**	**501.45**

Annexure-10.3.2

Petroleum and Natural Gas
Crude Oil Production

(MMT)

Region	2001-02 Actual	Tenth Plan (2002-07) Target	2002-03		2003-04 Target
			Target	Actual #	
a) ONGC					
i) Onshore	8.64	42.02	8.66	8.45	8.82
ii) Offshore	16.07	88.00	17.24	17.56	17.57
Sub Total (a)	24.71	130.02	25.90	26.01	26.39
b) OIL					
i) Onshore	3.18	18.70	3.50	2.95	3.30
ii) Offshore	0.00	0.00	0.00	0.00	0.00
Sub Total (b)	3.18	18.70	3.50	2.95	3.30
Total (ONGC+OIL)	**27.89**	**148.72**	**29.40**	**28.96**	**29.69**
JVC/Pvt	**4.14**	**20.66**	**3.68**	**4.08**	**3.81**
Total	**32.03**	**169.38**	**33.08**	**33.04**	**33.50**

Provisional

Annexure-10.3.3

Petroleum and Natural Gas
Natural Gas Production (BCM)

(BCM)

Region	2001-02 Actual	Tenth Plan (2002-07) Target	2002-03 Target	2002-03 Anticpated Achievement	2003-04 Target
a) ONGC					
i) Onshore	5.61	30.71	5.68	5.87	6.11
ii) Offshore	18.43	81.39	18.01	18.37	17.20
Sub Total (a)	24.04	112.10	23.69	24.24	23.31
b) OIL					
i) Onshore	1.62	12.61	2.19	1.74	1.96
ii) Offshore	0.00	0.00	0.00	0.00	0.00
Sub Total (b)	1.62	12.61	2.19	1.74	1.96
Total (ONGC+OIL)	**25.66**	**124.71**	**25.88**	**25.98**	**25.27**
JVC/Pvt	4.05	52.77	**5.49**	**5.41**	**6.03**
Total	**29.71**	**177.48**	**31.37**	**31.39**	**31.30**

Annexure-10.3.4

Petroleum and Natural Gas
Refining Capacity

(in MMT as on 1st April)

SL.No.	Name of the Refinery	2003
1	IOC , Guwahati	1.00
2	IOC, Barauni	6.00
3	IOC, Gujarat	13.70
4	IOC, Haldia	4.60
5	IOC, Mathura	8.00
6	IOC, Digboi	0.65
7	IOC, Panipat	6.00
8	BPCL, Mumbai	6.90
9	HPCL, Mumbai	5.50
10	HPCL, Visakh	7.50
11	KRL, Kochi	7.50
12	CPCL, Manali	6.50
13	CPCL, Narimanam	1.00
14	BRPL, Bongaigaon	2.35
15	NRL, Numaligarh	3.00
16	MRPL, Mangalore (JV)	9.69
17	ONGC	0.08
18	RPL, Jamnagar	27.00
	TOTAL	**116.97**

Annexure 10.3.5

Petroleum and Natural Gas

List of Major Projects

Name of the Schemes	Cost of the Project/ Anticipated (Rs. Crores)	Date of Approval	Cost of the Project/ Anticipated (Rs. Crore)	Commissioning Schedule		Benefit	Outlay 2002-03 (Rs. Crore)		Outlay 2003-04 (Rs. Crore)
				Original	Now Antici-pated		Target	Antici-pated	
Mumbai High North Re-development Plan - ONGC	2929.40/ 2929.40	Dec., 2000	2929.40/ 2929.40	Dec., 2005	Dec., 2005	To enhance oil and gas recovery	573.99	674.86	899.40
Mumbai High South Redevelopment Plan - ONGC	5255.97/ 5255.97	Oct., 2000	5255.97/ 5255.97	Jul., 2007	Jul., 2007	To enhance oil and gas recovery	0.10	69.68	855.56
HBJ Expansion Ph. I - GAIL	2936.00/ 2936.00	Dec., 2001	2936.00/ 2936.00	Sep., 2004	Sep., 2004	{To evacuate LNG { from Dahej { terminal.	134.68	300.00	1800.00
Panipat Refinery Expansion by 6 MMTPA – IOC	3365.00/ 4165.00	-	3365.00/ 4165.00	-	Jan., 2005	To partially bridge the deficit of Petroleum products in the North	400.00	290.00	800.00
9 MMTPA Grass root Refinery in Eastern India – IOC	8270.00/ 12400.00	-	8270.00/ 12400.00	-	36 months after final approval	To partially bridge the deficit of petroleum products in the East	72.00	86.50	51.06
9 MMTPA Punjab Refinery & Crude Pipeline Project - HPCL	9806.00/-	Oct., 2000	9806.00/-	Dec., 2005	Mar., 2007	To partially bridge the deficit of petroleum products in the North	400.00	125.00	250.00
6 MMTPA Central India Refinery Project - BPCL	5277.00/ 6364.00 (Sept.01)	Dec., 1994	5277.00/ 6364.00 (Sept.01)	Dec., 1999	42 months after final approval	To supply petroleum products in the Central India region economically.	50.00	3.00	100.00

Annexure-10.3.6

Petroleum & Natural Gas Sector
Outlays/ Expenditure (Rs. Crore)

Name of the Companies	2001-02 Actual	2002-03 BE	2002-03 RE	2003-04 BE
A. Exploration & Production				
1. ONGC	4040.32	8973.31	14644.94	13223.25
2. OIL	475.39	900.00	775.00	1000.00
3. GAIL	500.20	1492.95	1174.79	2727.18
Sub Total (A)	**5015.91**	**11355.26**	**16594.73**	**16950.43**
B. Refining & Marketing				
1. IOC	2542.50	3000.00	1886.17	2450.00
2. HPCL	319.75	900.00	336.07	750.00
3. BPCL	268.52	650.00	544.90	800.00
4. CPCL	404.79	1000.00	1000.00	850.00
5. KRL	30.75	75.00	12.00	85.00
6. BRPL	26.19	10.00	12.98	10.00
7. LIL	0.00	0.00	0.00	0.00
7. EIL	3.04	0.00	0.00	0.00
8. IBP	53.14	144.00	147.00	125.00
9. NRL	37.54	38.00	7.00	60.00
Sub Total (B)	**3686.22**	**5817.00**	**3946.12**	**5130.00**
Total Petroleum	**8702.13**	**17172.26**	**20540.85**	**22080.43**

10.4 INFORMATION TECHNOLOGY

Introduction

The Information Technology (IT) is one of the fastest growing sectors of Indian economy. The Indian software and services industry has emerged as one of the fastest growing sectors in the Indian economy with a growth rate of over 26 per cent during 2002-03 and turnover of US$ 12.7 billion (Rs. 59,900 crore) and exports of US$ 10 billion (Rs. 47,500 crore). The industry is projected to account for 7% of India's GDP and 35% of exports during 2008. The Nasscom McKinsey Report 2002 has reiterated that despite recent slowdown, the Indian IT services (ITS) and IT enabled services (ITES) industry is poised to meet its long-term exports potential of US$ 57-65 billion. The Indian IT Enabled Services sector has emerged as a key driver of growth for the Indian IT industry. This segment is poised to grow very rapidly, world-wide, over the next few years.

2. The present size of the global IT industry is estimated to be about 1.3 trillion US dollar. The US and Europe are expected to continue to be the major market for Indian software in future. In the Asian region, China, Phillipines, CIS countries and Korea are emerging as new centres for software exports. Japan has shown keen interest in outsourcing their software requirements from India inspite of their inherent cultural and language advantage for countries like China, Malaysia and Korea.

Tenth Five Year Plan

Major objectives

3. The major objectives envisaged for the IT sector in the Tenth Five Year Plan are to : -

- Ensure the sustained growth of software sector and increase India's share in the global IT market to a level of 6% against 2% at present.
- Put in place and enact the basic policy framework for development of the hardware manufacturing industry.
- Devise appropriate policy interventions for the greater use of IT for promoting more efficient, transparent and responsive governance.
- Promote development and use of software in Indian languages.
- Take necessary steps for taking IT to the masses by making it affordable, easy to use and useful in day-to-day life.
- Put in place the required policy framework to improve the quality of manpower, skills and R&D.

Major Initiatives and Thrust Areas

4. The major initiatives proposed to be taken up in the Tenth Plan include formulation of a national hardware development policy, improving quality and productivity in software development, aggressive marketing for software export including expanding the focus to newly emerging markets in Europe, U.K., Asia Pacific, Japan etc., apart from giving priority to USA, development

and promotion of software in Indian languages with a view to take IT to common man and increase domestic market, upgrading facilities in engineering colleges for improving quality of manpower, implement e-governance in the country in a comprehensive manner, providing Internet connectivity and e-learning tools in schools and colleges through Vidya Vahini and Gyan Vahini programmes and promoting research / innovations for rural needs through Media Lab Asia Programme.

5. The IT enabled services like Customer Interaction Services, Business Process Outsourcing (BPO), Insurance Claim Processing, Digital Content Development and Online Education, Web Services have been identified as a sources of wealth creation and employment generation

6. To keep abreast with the Information Technology Agreement (ITA1-WTO), it has become imperative for Indian IT industry to develop technologies, products and services of international cost and quality and become global leader at least in some selected fields like software & IT services, bio-informatics, micro-electronics, cyber security, wireless technologies, high-end computing etc. The R&D model devised for pursuing R&D in the Tenth Plan is based on their strategic value and classification as Long, Medium and Short term R&D. Under this categorization the gestation periods of Long, Medium and Short term R&D Projects are 10 years, 3-6 years and 1-3 years respectively.

Review of Annual Plan 2002-03

7. During 2002-03, the Indian electronics and IT industry production is estimated at Rs.96,950 crore as against a net projected target of Rs. 1,10,500 crore. The Indian IT Enabled Services (ITES) cum Business Process Outsourcing (BPO) industry is expected to have grown by about 65% during 2002-03. The total exports revenue of the IT Enabled services industry are presently projected at Rs.11,700 crore; up from Rs.7100 Crore in 2001-02. As regards employment, this sector is estimated to have provided employment to 650,000 IT professionals by March 2003. It was observed that out of this, almost 205,000 are working in the IT software and services industry; nearly 160,000 in ITES; 25000 are in the domestic software market and over 2,60,000 in user organizations. The Electronics production profile in the last five years is given in the table below : -

Table 10.4
Production of the IT industry

(Rs. crore)

Item	1998-99	1999-2000	2000-01	2001-02	2002-03
IT Hardware	25,250	28,100	30,700	32,750	37,050
Computer Software	15,890	24,300	37,750	48,134	59,000
Total	41,140	52,450	68,450	80,124	96,950

8. The Department of Information Technology (DIT) is acting as a nodal institution for the promotion of the sector, facilitating and coordinating the various initiatives of the central and state governments and the private sector. An outlay of Rs.593.58 crore was approved for Annual Plan 2002-03, against which the esimated budgetary expenditure has been Rs.470 crore (GBS).

A list of Plan schemes is attached at Annexure 10.4. The major achievements during Annual Plan2002-03 were as under:

- With a view to facilitate invention, refinements and extend the benefits of Information & Communication Technology (ICT) to masses, the Media Lab Asia Project has been initiated in collaboration with MIT USA. The objective of the project is to pursue high-end research in areas germane to the needs of rural India.
- Commissioning and operationalisation of all the Community Information Centres(CICs)_ in 487 blocks in the northeast region.
- Setting up of Indian Computer Emergency Response System (CERT) at IISc, Bangalore.
- Establishing a secure laboratory for carrying out review and penetration test by Centre For Information and Network Security (CINS) at Pune.
- Completion of seven pilot projects taken up in 7 different districts of the country covering about 200 schools under Vidya Vahini program.
- Under Information Technology Act 2000, the Controller of Certifying authorities (CCA), set up for implementation of the IT Act, has established the national root infrastructure which would be used for digitally signing the certificates of all the certifying authorities.
- STPI has established new centres including High Speed Data Communication facilities at Pondicherry, Nasik, Thiruneveli, Allahabad and Kolhapur.
- The National Informatics Centre (NIC) have completed establishing video conferencing facilities in 130 districts.
- Development and commissioning of next generation High Performance Computing and Communications (HPCC) technologies by way of designing PARAM teraflop computing system by Centre for Development of Advanced Computing(C-DAC) at Bangalore.
- Semiconductor Complex Ltd.(SCL), have developed around 82 application specific integrated circuits for the strategic sector, designed TDI imager and Frame Transfer Imager for the Department of Space.
- To promote E-Governance, an NDC subcommittee on Government Reforms including E-Governance has been set up.

Major Programmes in Annual Plan 2003-04

9. An outlay of Rs.577.45 crore (IR; Rs. 75.65 crore, EBR ; Rs. 31.80 crore) with a gross budgetary support of Rs. 470 crore has been approved for various schemes of DIT for Annual Plan 2003-04. A list of Plan schemes of the DIT indicating approved outlays for Annual Plan 2003-04 is given in the Annexure 10.4. Some of the major programmes of DIT during 2003-04 are given below

9.1 **E-Governance:** The Tenth Five Year Plan has given high priority to encourage E-Governance in -the Central and State Governments and public utility service organisations for improving efficiency and transparency in Government sector particularly. In the NDC meeting too, emphasis was laid to take initiative in this area. The NDC Sub-Committee on Governance including E-governance formed would conceptualise a strategy to bring about transformation in the organs of the government which would enable them to transact their business in a responsive, transparent, accountable and citizen-centric manner. Such strategy would encompass reform measures in as many as 15 areas of activity/concern.

9.2 **National Informatics Centre (NIC)-** The thrust during Annual Plan 2003-04 would be to undertake security auditing of NICNET applications and network; application development for implementation of 'minimum agenda for e-governance' at various levels of Govt. functioning; upgradation of training centres, preparation of e-governance plan for northeastern states and completion of the establishment of fibre optic network backbone upto state capitals etc.

9.3 **Micro-Electronics and Nano-technology Development Program (NMC) –** Steps would be taken for building capabilities in areas of IC process/manufacturing, test and characterisation, SiGe/SiC/Diamond based devices and material growth; to initiate projects under Bio-Informatics Labs and Industries Support Scheme (BLISS) and to start new projects under Technology Development Council.

9.4 **IT Act/Certification and Network Security –** During 2003-04 a Disaster Recovery Centre has to be set up for the Root Certifying Authority Infrastructure (RCAI) as well as the National Repository of Digital Certificates (NRDC) that are presently operational. This is required for providing uninterrupted services to the Certifying Authorities, as well as, to the users at large. The facility has to be operational within 2-4 hours in the event of any calamity at the present site. Besides, more Open House Seminars are to be conducted for creating awareness on the use of Digital Signatures for e-commerce and e-Governance under the Information Technology Act, 2000.

9.5 **Technology Development for Indian Languages-** This programmes aims at development of IT tools and content in Indian languages to facilitate use of computers and other IT systems in various Indian languages. The DIT has taken up development work in this area at 13 Resource Centers at leading R&D organizations and educational institutes. Major achievement under the programme are development of multi-lingual digital libraries / dictionaries, translation support system, optical character recognition system, Text to Speech Systems and Standardization (UNICODE, XML, Lexware format, Fonts). Some of the new R&D projects to be initiated in the field of language engineering include localization of Linux Operating System, Indian Language Content Creation, Cross Lingual Information Retrieval System; Development of IT Terminology in Hindi, Translation Support System from English to Hindi.

9.6 **Software Technology Parks in India (STPI)-** The STPI is serving software export industry countrywide with over 30 Software Technology Parks equipped with high speed data communication. The efforts in the year 2003-04 would be to upgrade the data communication infrastructure for value added services; to make available bandwidth and port speeds typically between 64kb/s to 2 Mb/s and procurement of equipments for fibre optic connectivity. Besides, setting up of corporate training centre and marketing support to SMEs are also envisaged.

9.7 **Media Lab Asia-** The Media Lab Asia project was taken up by DIT in collaboration with the Massachusetts Institute of Technology. The objective of the project is to deploy state-of-the-art Information and communication technologies and implementing such technologies for the benefit of the citizens, especially those in the rural areas, and empowering them by creating business opportunities. The thrust areas to be taken up in the project are health, education/ learning, employment and micro-entrepreneurship. With the ending up of RCA collaboration with MIT, USA; from onwards 2003-04, the MLA project would be handled by the Ministry of Information Technology. Among private sectors, TCS and Microsoft Corporation have committed to become sponsors. A Steering Committee under the Chairmanship of Minister for Information and Communication Technology has been proposed to be set up to overview the modalities of project implementation and progress of the project.

9.8 **ERNET :** The objective of ERNET is to connect and provide value added services to the Education and Research Institutions in the country. While 14 institutions of AICTE have already been connected on ERNET; UGC has also finalized a detailed program for connecting 115 universities in the first phase and remaining 140 universities in the II phase. It is planned to connect all the regional engineering colleges and IITs on a broad bandwidth. The implementation of UGC net, AICTE Net and Broadband connectivity to the regional engineering colleges require ERNET backbone to be broadband from 8/2 Mbps to minimum 34 Mbps and to be further scaled up to 155 Mbps. 10 presence of points are to be opened at the educational institutions alongwith other infrastructure.

9.9 **Special Manpower Development for VLSI Design :** Department of Information Technology aimed to catalyse a modest increase in India's share of the world market for VLSI design from about US$ 10 million to about US $ 200 million in about 5-7 years. A report prepared by TCS and IIT, Mumbai has projected a need of 4000 to 5000 microelectronics professionals per year at the level of M.Tech (Microelectronics). The Department aims to train special manpower in this area at B.E./B.Tech, M.E./M.Tech. and Ph.D. levels.

9.10 **Semiconductor Complex Ltd**.: In the Semiconductor Complex Limited, Mohali, except for sales in strategic sector, the performance of the company in non-strategic areas was low and the company had incurred a net capital loss of 8.35% in 2002-03 Department of Information Technology, in consultation with other major players in the chip manufacturing area, is working on a revival plan for SCL during 2003-04.

Monitorable Targets / Anticipated Achievements in Annual Plan 2003-04

10. Notable programmes likely to be taken up in a major way during the year are;

- o Implementing Vidya Vahini and Gyan Vahini programmes on pilot basis,
- o Issuing of digital signatures,
- o Completion of exploratory phase of the Media Lab Asia project,
- o Preparing action plan for implementing e-governance in the country,
- o Finalization of hardware policy and getting approval of Govt. for the policy.
- o To augment the existing infrastructure of National Informatics Centre (NIC), Software Technology Parks, Education & Research Network (ERNET), Standardization Testing & Quality Control (STQC), etc.

Zero Based Budgeting(ZBB)-

11. As a result of ZBB exercise 55 Ninth Plan schemes of the DIT, have already been reduced to 37 schemes.

Issues

12. A number of plans and policy measures have been implemented by the Government and private sector to boost the IT sector in the Ninth Plan. However, some issues given below are yet to be addressed for further development of the sector in the Tenth Plan :

- Formulate and get approval of Govt. on National Hardware Development Policy during 2003-04 and encourage global hardware majors to set up manufacturing units in India.
- A comprehensive rationalisation of tariff structure to cope with the zero duty regime on finished products that will come into place after 2005 as per ITA1-WTO agreement.
- Encourage setting up Software Technology Parks in the private sector.
- Make large investments in building brand equity and positioning the India brand abroad. Industry associations like NASSCOM, MAIT, ESC etc. must help SMEs in their export efforts through effective networking and meetings with potential customers.
- Promotion of software in Indian languages to increase IT penetration in the domestic market.
- Updating the syllabus of computer engineering, electronics and IT in various technical institutions in keeping with the industry's requirements. The curriculum in other branches of engineering should also be expanded to include IT subjects. Emphasis must be laid on postgraduate engineering education.
- E-governance has been identified as priority area in the Tenth Plan and a clear roadmap to make it a national programme must be formulated without any delay so that the programmes can be taken up on a faster mode.
- An action plan needs to be formulated to take up R&D in the emerging areas like MEMS, bio-informatics and nano-technologies in consultation with CSIR and IITs.
- Enforcement of the IT Act to deal with cyber crimes and training law enforcing agencies to handle such crimes.

Annexure 10.4

Department of Information Technology - Outlays for Annual Plan 2003-04

(Rs. Crore)

Sl. No.	Scheme Number/Name	Annual Plan (2001-02) Actuals	Annual Plan(2002-2003) Approved Outlays (BE/RE)				R.E. (GBS)	Finalised Outlay Annual Plan (2003-04)				ExtBS	Net BS
			Outlay	IR	EBR	G.B.S.	Outlay	IR	EBR	Gross			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
I.	**R&D PROGRAMMES**	.											
1	SAMEER	12.00	22.00	2.50	7.50	12.00	12.00	23.00	10.00		13.00		13.00
2	Industrial Electronics Promotion Prog.	2.34	8.24		4.74	3.50	3.50	2.50			2.50		2.50
3	Microelctronics &Nano-Tech Dev Prog	0.50	3.00			3.00	3.00	3.00			3.00		3.00
4	Technology Development Council	2.96	5.00			5.00	5.00	6.00			6.00		6.00
5	Dev. of Strategic Electronic Eqpt.	2.69	3.00			3.00	3.00	3.00			3.00		3.00
6	Electronic Component & Materials	4.99	7.05	0.45	1.50	5.10	5.10	7.50	0.45	1.55	5.50		5.50
7	C-DAC	10.00	10.00			10.00	10.00	70.50	18.25	26.75	25.50		25.50
8	Photonics/Optoelectronics	0.71	3.00			3.00	3.00	3.00			3.00		3.00
9	ERDCs	8.00	50.41	12.95	29.46	8.00	8.00						
10	Electronics in Health and Bio-Informatics	5.00	5.00			5.00	5.00	6.00			6.00		6.00
11	Technology Dev. for Indian Languages	6.00	6.00			6.00	6.00	6.00			6.00		6.00
12	Development of CG Industry	1.01	2.00		1.00	1.00	1.00	0.50			0.50		0.50
13	Transport & Power Electronics	4.27	19.75		15.15	4.60	4.60	3.50			3.50		3.50
14	Centre for Liquid Crystal Research	1.70	1.70			1.70	1.70						
15	IPR Promotion Programme	0.21	0.40			0.40	0.40	1.00			1.00		1.00
16	Promotion/R&D in IT/Special IT Projects	3.00	21.00			21.00	21.00	16.00			16.00		16.00
17	IT for Masses (incl Citizen Portals)	0.65	20.00			20.00	18.00	16.00			16.00		16.00
18	Media Lab. In Asia	65.00	1.00			1.00	0.00	0.10			0.10		0.10
	R&D Sub-Total	131.03	**188.55**	**15.90**	**59.35**	**113.30**	**110.30**	**167.60**	**28.70**	**28.30**	**110.60**	**0.00**	**110.60**

Annexure 10.4 Concld.

II.	**INFRASTRUCTURE DEVELOPMENT**												
19	ERNET	5.00	0.10			0.10	0.10	6.00			6.00		6.00
20	Vidya Vahini' & 'Gyan Vahini' Prog.	0.00	30.00			30.00	30.00	5.00			5.00		5.00
21	STQC	28.33	27.31			27.31	27.31	33.50		2.00	31.50	0.50	31.00
22	STPI & EHTP	8.00	8.00			8.00	8.00	31.00	25.00		6.00		6.00
23	Digital DNA Park	0.00	0.00			0.00	0.00	3.50			3.50		3.50
24	IT Venture Capital	1.00	10.00			10.00	10.00	5.00			5.00		5.00
25	Electronic Governance	4.92	66.17		25.00	41.17	41.17	40.50			40.50		40.50
26	IT Bill / Certification & Network Security	5.28	5.00			5.00	5.00	6.00			6.00		6.00
27	SemiconductorLayoutDesign Act-2000	1.00	0.50			0.50	0.50	0.50			0.50		0.50
28	Community Information Centres (CIC)	21.97	20.00			20.00	23.00	25.00			25.00		25.00
	Infrastructure Sub-Total	75.50	167.08		25.00	142.08	145.08	156.00	25.00	2.00	129.00	0.50	128.50
III.	**HUMAN RESOURCE DEVELOPMENT**												
29	CEDT	4.00	11.58	7.58	4.00	4.00	20.00	13.50	1.50	5.00	5.00		
30	NCST	2.60	3.00			3.00	3.00						
31	Software Manpower Dev./Emp. Gen.	10.36	6.00			6.00	5.00	5.00			5.00		5.00
32	Special Manpower for ASIC Design	1.90	2.00			2.00	2.00	3.50			3.50		3.50
	HRD Sub-Total	18.86	22.58	7.58		15.00	14.00	28.50	13.50	1.50	13.50		13.50
IV.	**MISCELLANEOUS**												
33	Headquarter (Secretariat & Bldg.)	9.11	10.24			10.24	10.24	10.50			10.50		10.50
34	El. for Rural/Social /Agri/Water Sector	2.12	14.00		10.00	4.00	4.00	1.00			1.00		1.00
35	Tech. Information and Forecasting	0.00	0.50			0.50	0.50						
36	Electronics Industry Information Prog.	0.24	0.25			0.25	0.25	0.20			0.20		0.20
37	E-Commerce,Info-Security,Smart Cards	4.50	5.00			5.00	5.00	10.00			10.00		10.00
38	Policy Formulation in IT sector	0.60	0.60			0.60	0.60	0.50			0.50		0.50
	Miscellaneous Total	16.57	30.59		10.00	20.59	20.59	22.20	0.00	0.00	22.20	0.00	22.20
	SUB-Total (I to V)	241.96	408.80	23.48	94.35	290.97	289.97	374.30	67.20	31.80	275.30	0.50	274.80

V.	**PSUs**												
39	Semiconductor Complex Ltd.	0.00	3.51	3.50		0.01	0.01	10.50	4.50		6.00		6.00
40	VI. NIC	162.63	175.02			175.02	175.02	181.70			181.70	2.00	179.70
41	VII. ESC & Export Promotion	3.99	6.25	2.25		4.00	4.00	10.95	3.95		7.00		7.00
	Grand Total	408.58 (492.16)*	593.58	29.23	94.35	470.00	469.00 (470.00)**	577.45	75.65	31.800	470.00	2.50	467.50

****Others -** Rs. 1.00 crore

Note :-

1. C-DAC also includes Rs.8 cr,for erstwhile ER&DCI, 0.5 cr. For CEDTI, Mohali, 3 crs. For NCST.

2. DOEACC includes Rs.4 crs. for other **centres of CEDTI & 1 cr. For RCCs.**

North-East Component:2003-04

CIC	**25**	2001-02 (Actuals)
NIC	16	57$$ $$ NE
STQC	2	
E-govn.	4	26.58$ $others
	47	(492.16)*

10.5 BIOTECHNOLOGY

Biotechnology is an emerging economic opportunity for India. Taking into account the availability of large resource of English speaking scientists working in the forefront of R&D activities in biosciences and their cost effectiveness, Biotechnology in the Indian context is rightly referred to as "the technology of hope". Pursued in a focused manner, our efforts in the area of biotechnology can yield rich harvest of products, processes and technologies with significant societal and commercial benefits. Biotechnology industry is characterized by long gestation, significant cost and high-risk with high reward pay-off matrix. The key factor hindering growth of the Biotechnology sector in India appears to be the absence of adequate investments or risk capital. Majority of investment funds in India focus on late-stage funding with investment size of about 2.5 to 5 crore. This leaves a gap in private equity investments as many start-ups need early-date funding or angel investment to start their enterprises. Although there are over two dozen significant players including US, European, and major Pan Asia-Pacific funds in India, financing for the biotechnology sector remains difficult to come by inter alia, due, to complexity of the industry, long gestation period and risk profile. In other countries, such as China, Korea, Singapore and Taiwan, governments have taken significant initiatives on biotechnology which are detailed in the Annexure 10.5.1. It is imperative that strategic financing in the form of a **Venture Fund** for biotechnology is arranged. Government could be the lead sponsor investor for this fund which would not only support innovative work but also seek capital appreciation on medium to long-term basis through investment in the focused sector. The fund could moderate the risk in its portfolio through a judicious mix in investments in **higher risk** biotechnology companies with **lower risk** allied activities.

Biotech Parks: Biotechnology Vision – a ten year perspective", insofar as concerns the industry sector, has identified specific milestones such as setting up of biotechnology parks, incubators, training and pilot projects with an outlay of Rs. 30 crore in the Tenth Five Year Plan for industrial activities. A new central sector scheme is being launched to assist in establishing fermentation units, plant tissue culture hardening unit and rendering technical advice to biotech industry. Initially, two biotech parks are expected to come up at Andhra Pradesh and Uttar Pradesh to begin with. Based on experience gained, more such parks could be considered during the course of the Tenth Five Year Plan.

These Biotech Parks are mainly aimed at providing technological support and services for the client to develop proprietary technologies. The central sector funding for Biotech parks would be for establishing incubators, fermentation units, GLP/GMP facilities specialized equipments, greenhouse, networking and data connectivity depending upon the individual business plans. The projects to be received from various states are for providing assistance to industry for

i. Medicinal and Aromatic Plant extraction and bio-processing for health care and agronomic products.
ii. Fermentation and downstream processing for rDNA products
iii. Plant Tissue culture and development of transgenic products
iv. Gene recovery/construction of Incubators
v. Analytical facilities for rDNA biopharmaceuticals

Bharat Immunologicals and Biological Corporation Limited (BIBCOL): This PSU was set up to manufacture Oral Polio Vacine (OPV). The company has formulated OPV from imported bulk and supplied 100 million doses to National Immunisation programme. Based on the positive net worth of the company, BIFR has discharged the company from the purview of Sick Industrial companies Act, 1985 on 01.08.2002.

Indian Vaccines Corporation Limited (IVCOL): This PSU was set up to undertake R&D and manufacture viral vaccines. The company failed to start production since beginning. One of the promoter PMSV, France exited from the company transferring its share to GOI (DBT). Currently GOI is holding 67% share in the equity of the company. With a view to restart IVCOL, a proposal to divest its holding to a suitable strategic partner is under consideration

Annexure 10.5.1

CHINA/HONG KONG

- China began developing its biotech industry in the mid 1980s, with focus in areas of plant genomics, transgenics, medicines and vaccines
- Only developing country that participated in the human genome project
- Government established key national laboratories supported by the Ministry of Agriculture, Ministry of Education, Chinese Academy of Sciences
- Biotech Parks – Beida, Hangzhou, Zhongguancun, HK Science Park
- Over 80 State funded research institutes focused on agri genetic engineering
- Government policies list development of modern biotechnology and Traditional Chinese Medicine
- Measures such as tax benefits, government backed VC, attracting overseas nationals to research institutes
    - National High Technology R&D Board – Fund of USD 12 billion for 8 priority areas, including biotechnology
    - National Basic Research Development Programme – focus on agri-biotech
    - China National Centre for Biotechnology Development – Under the State Science & Technology Commission, focus on biotech projects
    - The National Natural Science Foundation of China – Fund of USD 30 million, a third of which is towards life sciences
    - MOST Torch programme – aims to commercialise novel technologies by recommendations to financing agencies
    - Innovation & Technology Fund – Government assigned USD 640 million to fund hi-tech projects
    - Applied Research Fund - $ 750 million fund for applied R&D projects, run by 3 professional VC firms

KOREA

- Korea has deemed biotechnology as a strategic industry and plans to spend considerable resources alongwith tax and fiscal incentives
- Biotech Parks – Daeduk Science Park, Bio-venture Support Centre, Korea Biotechnology Industrialisation Centre
- Biotechnology has been identified as one of the five designated technologies for large scale R&D investment (Biotech, IT, nanotech, enviro, cultural) – W10 tn (USD 8.3 bn) by 2005
- Ministry of Health and Welfare plans to spend W 1 tn (USD d30 mm) by 2010 to develop health related industries
- Government related biotech spending totalled W 246 bn in 2000 and estimated at W 324 bn in 2001 (USD 206 mn, USD 270 mn)
- Other benefits such as low interest loans, tax incentives, research grants

TAIWAN

- Taiwan's biotechnology industry began in 1984 with the government funding of laboratories
- Government plans to increase sector focus through investments and development of five science parks
- Biotech Parks – Hsinchu Science Park, Taiwan Science Park
- Planned funding of NT $ 20 bn (USD 580 mm) in the biotech sector
- Concentrating on providing funds to venture capital firms for investment in the sector – earmarked NT $ 30 bn (USD 890 mn) to invest in venture funds over the next 5 years
- Other government initiatives such as tax exemptions, import concessions, depreciation benefits, low interest financing etc.

SINGAPORE

- Government singled out biotechnology as a long term good to move towards a knowledge economy
- Biotechnology identified as 4th pillar – electronics, engineering, chemicals
- Institutions such as Economic Development Board (EDP), National Science & Technology Board (NSTB) and Temasek active in financing biotechnology
- Biotech Parks – Tuas Biomedical Park, Biopolis
- Government has injected S$2bn (USD 1, 1bn) to strengthen infrastructure, develop human capital, promote private sector R&D, invest in biomedical cos
- A S $1bn (USD 570 mn) Biomedical Sciences Investment Fund has been formed to invest in start-ups
- USD 120 mn has been invested in other initiatives including the Bio Innovation Fund, the Pharm Bio Growth Fund and Life Science Investments
- Singapore's Agency for Science, Technology & Research has allocated S1.5 bn (USD 850 mm) for R&D in the biotech sector
- A further S$2 billion (USD 1.1 bn) has been set aside to attract leading research organizations in Singapore to invest in local and foreign biotech start-ups.
- Government related funding forms the bulk of early stage capital for biotechnology companies through the EDB and Temasek funds
- By 2005, Singapore aims to be home to 15 leading pharmaceutical companies and to become the regional hub for clinical trials and drug development

10.6 TOURISM

Introduction

The Tenth Plan approach towards Tourism signifies a distinct shift from the approach adopted in earlier plans. Apart from acknowledging the traditionally recognized advantages of developing tourism for the promotion of national integration, international understanding and the earning of foreign exchange, the Tenth Plan recognizes the vast employment generating potential of tourism and the role it can play in furthering the socio economic objectives of the plan. The need for according higher priority to tourism development is recognized in the Tenth Plan. In order to create a supportive environment for the promotion of tourism, the new Tourism Policy, 2002 is under implementation during the Tenth Plan. It seeks to provide legislative and regulatory support for sustainable tourism and protect the interests of the industry and the consumer. It also seeks to involve the rural sector in the promotion of rural, heritage, adventure and eco tourism. It emphasises the development of high quality products and destinations. Most importantly, it seeks to remove the barriers to growth and resolve contradictions in policy to achieve intersectoral convergence of activities that help the growth of tourism.

2. The travel and tourism sector creates more jobs per million rupees of investment than any other sector of the economy and is capable of providing employment to a wide spectrum of job seekers from the unskilled to the specialized even in the remotest parts of the country. Tourism is the fastest growing industry in the world with enormous potential for growth in India.

3. The Annual Plan aims to tap the employment potential of tourism through a well-defined growth strategy, which seeks to position tourism as a major engine of economic growth, and

- Attempts to harness the direct and multiplier effects of tourism for employment generation and economic development. Provides an impetus to rural tourism to generate non-farm employment.
- Provides a major thrust to domestic tourism.
- Positions India as a global brand to take advantage of the burgeoning global travel and trade and the vast untapped potential of India as a destination
- Acknowledges the critical role of the private sector with government working as an active facilitator and catalyst.
- Creates and develops integrated tourism circuits based on India's unique civilization, heritage and culture in partnership with the States, the private sector and other agencies

Review of Annual Plan 2002-03

4. For the year 2002-03, the outlay for Tourism was Rs.225 crore. The scheme of Tourist Information and Publicity received a major share of the Plan outlay at Rs. 58 crore. This includes both overseas campaigns and domestic campaigns. The outlay for the scheme of Integrated Development of Tourist Circuits was Rs.58 crore. The other important schemes were Product/ Infrastructure and Destination Development, schemes of North Eastern Region etc. Details of

these schemes are given below. Scheme wise details of outlays and expenditure will be available at Annexure-I.

Details of the Schemes

(i) Integrated Development of Tourist Circuits

5. The 9th Plan envisaged a selective approach based on travel circuit concept in the provision of tourist infrastructure. Travel circuits were identified, but it became difficult to channelise the resources to these circuits. The reason for this was that the State/UT Governments prioritised projects, which were not concentrated on the travel circuits alone. The infrastructure schemes being Centrally Sponsored Schemes, had to depend on the contributions of the State/ UT Governments. This resulted in delays in release of this contribution. Therefore, in order to overcome these problems, tourism infrastructure projects were sanctioned under the Integrated Development of Tourist Circuits. The objective is to identify six tourism circuits in the country on an annual basis (one in each zone) and to develop them to international standards. During 2002-03, circuits chosen were Buddhist Circuit, Himalayan Circuit, Nature and Wild Life Circuit, Konkan Riveria Circuit, Backwaters and Beach Circuit and Eco Tourism Circuit.

(ii) Product/Infrastructure and Destination Development

6. For infrastructure and product development, the Department of Tourism has been providing assistance to the State Governments. It has resulted in strengthening of the infrastructure and product development in the country. This scheme has been revamped in the Tenth Plan. The focus in the Tenth Plan is to fund large projects of infrastructure or product development in terms of construction of budget accommodation and tourist complexes, wayside amenities, tourist reception centers, refurbishment of monuments etc.

7. The master plan for destination development ties up all backward and forward linkages including environmental considerations. New emerging areas of tourism like rural tourism, heritage tourism, eco tourism, adventure tourism, health tourism, wildlife tourism etc. gets priority under this scheme. During 2002-03, destinations identified are Hampi (Karnataka), Red Fort (Delhi), Kurukshetra (Haryana), Mewar (Rajasthan), Mahabalipuram (Tamil Nadu), Haridwar – Rishikesh (Uttraanchal), Khonoma (Nagaland) etc.

8. Under Rural Tourism, projects included during 2002-03 are Bellur (Karanataka), Hatwa Village (Madhra Pradesh), Raghurajpur (Orissa), Kamlasagar (Tripura) and Jageshwar (Uttaranchal).

(iii) Marketing and Promotion

9. The Indian tourism product is promoted within and outside India by the Department of Tourism, through their schemes of domestic promotion and overseas campaign.

10. **Domestic promotion** - The promotional efforts have a multi dimensional thrust covering image building, dissemination of information, and public relation efforts. The communication

message is geared towards the tourists, service providers and consumer media. The domestic campaign highlighted the new tourism circuits being created such as the Ajanta-Ellora, the Ganga heartland project, the Buddhist circuit and the Leh-Ladakh-Manali circuit. The variety of fairs and festivals has been supported in the Plan.

11**. Overseas promotion** - Without aggressive promotion in the highly competitive tourist market overseas, India will not be able to achieve the targeted growth and increased share in global tourists arrivals. During the year 2002-03, the strategies for promotion included creating awareness about Indian Tourism Product, maintaining close relation and co-ordination with Indian Missions, Travel and Trade Media, Airlines, organizing Indian food festivals and participating in festivals/exhibitions abroad.

12. In order to effectively market India abroad, a multi media campaign ('Incredible India') was launched across the world. This campaign was undertaken in print, television and the internet.

(iv) Human Resource Development

13. Tourism being an employment oriented sector, it is estimated that the hotel and the catering sector would provide more than 50% of the total employment generated by the tourism industry. Being a labour oriented industry directly in contact with tourists, skills required in this sector are different from those required in other sectors. In the Tenth Plan, all the earlier schemes on Hotel Management were restructured and merged in a single scheme namely, 'Assistance to IHMs/FCIs/IITTM/NIAS/NCHMCT'. During 2002-03, the training infrastructure in the existing Institutes of Hotel Management has been upgraded and better facilities were provided to all these institutes. Work has been started for creation of new Institutes of Hotel Management in Kurukshetra, (Haryana) and Dehra Dun (Uttranchal) in 2002-03.

(v) Capacity Building in the Organised and the Unorganised sector

14. The existing FCIs, IHMs and the Institutes in the private sector cater mainly to the organised sector. The unorganised sector consisting of small hotels, dhabas, restaurants and other eatable joints spread all over the country hardly get an opportunity of training from skilled and professional trainers in the hospitality sector. As it is not possible and viable to set up FCIs in every district, the existing IHMs started conducting mobile training courses for them. Short-term training modules for the service providers were conducted during 2002-03.

Annual Plan 2003-2004

15. The Central Sector outlay for Tourism in the Annual Plan 2003-04 is Rs.325 crore. The restructured Tenth Plan schemes of the Ministry of Tourism like Integrated Development of Tourist Circuits, Product/Infrastructure and Destination Development, Marketing and Promotion, Human Resource Development, Capacity Building in the Organised and the Unorganised sectors etc. would continue in the second year of the Tenth Plan, i.e. the Annual Plan 2003-04. The details of the scheme-wise outlay for the Annual Plan 2003-04 will be available at Annexure-II.

Annexure-10.6.1

Scheme wise allocation under the Annual Plan 2002-03 for Tourism

(Rs.crore)

S.	Name of Schemes	A.P 2001-02	Annual Plan (2002-03)	
A	**Central Sector Schemes (CS)**	**Actuals**	**B.E**	**R.E**
A.1	**Ongoing 9th Plan schemes to be continued during 10th Plan**			
1.	Buddhist Centers (Externally Aided Projects)	4.76	7.50	7.50
2.	IHM & CT	8.80	8.50	8.50
3.	Food Craft Institutes	0.20	0.40	0.40
4.	Indian Institute of Tourism & Travel Management	1.74	1.00	1.00
5.	National Institute of Water Sports etc.	-	0.10	0.10
6.	Overseas Campaigns	51.32	17.00	17.00
7.	Hospitality Programme	0.66	1.00	1.00
8.	Marketing Development Assistance	0.01	1.00	1.00
9.	Subsidies and Incentives	9.10	9.00	9.00
A.1	**Total ongoing CS Schemes**	**76.59**	**45.50**	**45.50**
A.2	**New CS Schemes for 10th Plan**			
1	Integrated Development of Tourist Circuits	-	41.50	41.50
2	Assistance to IHMs/FCIs/IITTM/NIAS/NCHMCT	-	5.00	5.00
3	Capacity Building for Service Providers	-	1.50	1.50
4	Restructured scheme of Overseas Promotion & Publicity including Market Development Assistance	-	34.00	34.00
5	Domestic Promotion and publicity including Hospitality	-	6.00	6.00
6	Incentive to Accommodation Infrastructure	-	2.00	2.00
A.2	**Total New CS Schemes for 10th Plan**	**-**	**90.00**	**90.00**
A	**Total CS schemes (A.1+A.2)**	**76.59**	**135.50**	**135.50**
B	**Centrally Sponsored Schemes (CSS)**			
B.1	**Ongoing 9th Plan schemes to be continued during 10th Plan**			
1	Adventure and sports tourism	5.92	2.00	2.00
2	SEL shows (Flood Lighting)	2.40	2.00	2.00
3	Development of Tourists Centers/Areas including Village and Heritage Tourism	12.37	8.00	8.00
4	Refurbishment of Monuments/Heritage Buildings	2.54	1.00	1.00
5	Wayside Amenities	7.53	5.50	5.50
6	Budget Accommodation	16.08	6.50	6.50
7	Equity Scheme	2.00	1.00	1.00
8	Production of literature and publicity materials	5.45	3.50	3.50
9	Domestic campaigns including Fairs and Festivals	6.18	4.00	4.00
10	Computerization and Information Technology	-	6.00	6.00
11	Market Research including 20 years perspective plan	9.04	3.50	3.50
B.1	**Total Ongoing CSS schemes to be continued during 10th Plan**	**69.51**	**43.00**	**43.00**
B.2	**New CSS schemes for 10th Plan**			
1	Product/Infrastructure and Destination Development	-	18.00	18.00
2	Assistance for Large Revenue Generating Projects	-	6.00	6.00
B.2	**Total new CSS schemes during the 10th Plan**	**-**	**24.00**	**24.00**
B	**Total CSS Schemes (B.1+B.2)**	**69.51**	**67.00**	**67.00**
C	**Total (A+B)**	**146.10**	**202.50**	**202.50**
D	10% lump sum provision for NE Region and Sikkim			
	Capital	-	17.50	17.50
	Revenue	-	5.00	5.00
D	**Total North East and Sikkim**	**-**	**22.50**	**22.50**
E	**Grand Total (C+D)***	**146.43***	**225.00**	**225.00**

* This includes grant-in-aid to Development of Pilgrim Centres (Rs. 0.25 crore) and Bharat Paryatan Bhavan (Rs. 0.06 crore) and token provision for Other Programmes (Rs. 02 crore)

Annexure- 10.6.2

Scheme wise allocation under the Annual Plan 2003-04 for Tourism

S. No.	Name of Schemes	Annual Plan Outlay (2003-04)
A	**Central Sector Schemes (CS)**	
1	Externally Aided Projects	5.00
2	Integrated Development of Tourist Circuits	60.00
3	Assistance to IHMs/FCIs/IITTM/NIWS/NIAS/NCHMCT	17.50
4	Capacity Building for Service Providers	2.00
5	Overseas Promotion & Publicity including Market Development Assistance	56.00
6	Domestic Promotion and publicity including Hospitality	12.00
7	Incentive to Accommodation Infrastructure	10.00
A	**Total CS Schemes**	**162.50**
B	**Centrally Sponsored Schemes (CSS)**	
1	Computerization and Information Technology	9.00
2	Market Research including 20 years perspective plan	3.00
3	Product/Infrastructure and Destination Development	100.00
4	Assistance for Large Revenue Generating Projects	18.00
B	**Total CSS schemes**	**130.00**
C	**Total - CS & CSS schemes (A+B)**	**292.50**
D	10% lump sum provision for NE Region and Sikkim	
	- Capital	22.50
	- Revenue	10.00
D	**Total North East Region and Sikkim**	**32.50**
E	**Grand Total**	**325.00**