CHAPTER 9

Industry And Services

9.1 INDUSTRY

Pace and Pattern of Industrial Output (2003-04)

The industrial recovery witnessed in 2002-03 has consolidated during 2003-04. The overall growth in industrial production, as measured by Index of Industrial Production (IIP) has increased from 2.7% in 2001-02 to 5.7% in 2002-03 and it has further grown by 6.9% during 2003-04. Manufacturing Sector, which has a share of 79.36% in the IIP, posted a growth rate of 7.2% during the same year as against 6.0% growth rate achieved during the corresponding period of the previous year. As per the use-based classification, production of basic goods, capital goods, intermediate goods and consumer durable goods exhibited higher growth in 2003-04 as compared to 2002-03. The sector-wise and use-based growth scenario is shown in Table-1 below.

Table 1: Sector-wise Index of Industrial Production (percentage change)

	Weight	2001-02/ 2000-01	2002-03/ 2001-02	2003-04/ 2002-03
General (Sector Based)				
Mining & Quarrying	10.47	1.2	5.8	5.1
Manufacturing	79.36	2.9	6.0	7.2
Electricity	10.17	3.1	3.2	5.0
IIP (General)	**100.00**	**2.7**	**5.7**	**6.9**
Use-Based Classification				
Basic Goods	35.56	2.6	4.9	5.4
Capital Goods	9.25	-3.4	10.5	12.7
Intermediate Goods	26.51	1.5	3.9	6.2
Consumer Goods of which	28.66	6.0	7.1	7.1
(i) Consumer Durables	5.36	11.5	-6.3	11.6
(ii) Consumer Non-durables	23.29	4.1	12.0	5.7
IIP (Overall)	**100.00**	**2.7**	**5.7**	**6.9**

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 2004-05, bold policy measures would be required

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

4. Prominent among the industry groups showing positive growth are Paper and paper products (15.9%), Transport equipment and parts (17.0%), Beverages, Tobacco and related products (9.4%), Machinery and equipment other than transport equipment (15.2%) and Basic Metals and Alloy industries (9.1%). On the other hand, some industry groups showing negative growth are Leather & fur products (-4.3%), Cotton Textiles (-3.3%) and Textile products (-3.8%).

Major Policy Initiatives

5. The Government has been implementing various policy initiatives as well as comprehensive strategies aimed at deepening and widening of economic reforms, the prime objectives of which are to attain sustainable industrial growth, create a positive investment climate, facilitate setting up of state-of-the-art infrastructure and promoting capacity-building in industry to make it internationally competitive. Such strategies are also aimed at establishment of proper level-playing field with effective and transparent rules of fair play as well as efficiency-enhancing policy instruments. Some of the major policy initiatives introduced by the government during the year 2003-04 are as follows:

- FDI policy has been further liberalized in the petroleum and banking sectors and for printing of Scientific & Technical journals.

- Following the announcement in the budget 2003-04, an additional 75 items from the list of items reserved for production in small scale sector were dereserved. Further, there has been an enhancement of investment limit from Rs. One crore to Rs. Five crore in respect of 13 products of the stationery sector and 10 of the drugs and pharmaceutical sector, which figure in the list of items reserved for manufacture in the small scale industries sector.

Industrialisation of Backward Areas

Growth Centre Scheme

6. 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 center identified for development through out the country, 68 Growth Centres have so far been sanctioned since inception of the scheme. The remaining three growth centres have been sanctioned recently in the States of Assam, Uttranchal, and Sikkim, which fall under the special category states. Of the 68 Growth Centre sanctioned earlier, 44 growth centres can be regarded as functional, where allotment of industrial plots has commenced. Remaining Growth Centres are in various stages of implementation.

7. 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 31.3.2004 by the Central Government aggregate to Rs. 494.61 crore, as compared to that of Rs.393.16 crore as on 31.3.2003 and corresponding numbers of growth centres where full central assistance released are 26 and 18 respectively. Funds released by State Government and their agencies are Rs. 765.41 crore as on 31.3.2004 against the corresponding figure of Rs.707.77 crore as on 31.3.2003. Capital investment of Rs.9839.71 crore has been attracted resulting in employment generation to the tune of over 32270 persons as on 31.3.2004 as compared to the corresponding figures of Rs.8224 crore and 30636 persons respectively as on 31.3.2003. State Governments have been asked to

conduct impact assessment studies on the industrilisation in the backward districts of the respective states as a result of the implementation of the scheme.

8. 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

9. The Transport Subsidy Scheme was introduced in July, 1971 with a view to promoting 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 and Uttaranchal. The scheme has been extended upto the end of Tenth Five Year Plan period and an amount of Rs. 837.73 crore has been released to various States and UTs till 31.3.2004. The scheme has been extended from time to time and is presently extended upto 31.3.2007.

10. 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

11. 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 December, 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 designated as the nodal disbursing agency under the Scheme.

12. Under the North East Industrial Policy (NEIP) the various subsidy schemes being operated by Government of India are: Central Capital Investment Subsidy Scheme, Central Interest Subsidy Scheme and Central Comprehensive Insurance Scheme and the funds released by NEDFi upto 31.3.2004 towards these schemes since their inception are Rs.29.30 crore, Rs.3.25 crore and Rs.1.50 crore respectively. In order to assess the impact of NEIP on the industrialization of North Eastern region, a study is being conducted through NEDFi and has been awarded to Tata Economic Consultancy Services (TECS).

New Industrial Policy and other concessions for special category States

13. A special package was created in 2002-03 by the Government for promoting industrialization of special category States on the lines of North East Industrial Policy and these states are: (i) Jammu & Kashmir, (ii) Sikkim, (iii) Uttaranchal and (iv) Himachal Pradesh. The package for Jammu & Kashmir was announced on 14.6.2002 and for Uttaranchal and Himachal Pradesh on 7.1.2003.

The Department of Industrial Policy & Promotion (DIPP), Government of India, is also in the process of formulating a comprehensive scheme for stimulating industrial development in the North Eastern as well as in the Eastern States.

Project Preparation Facility

14. 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 Upgradation Scheme (IIUS):

15. With a view to enhance international 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 Department of Industrial Policy & Promotion (DIPP), Government of India, has formulated a new scheme in the name of Industrial Infrastructure Upgradation Scheme (IIUS) and notified it in December, 2003. The scheme has an allocation of Rs.675 crore in the 10th Plan. The improvements in performance will be secured through selected competitiveness indicators to be developed in consultation with the each industrial group.

16. 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. Under the scheme, two proposals namely, Textile Cluster, Tirupur (Tamil Nadu) and Chemical Cluster, Vapi (Gujarat) have already been approved by the Apex Committee and the whole amount of Rs.37.50 crores kept in the budget for the year 2003-04 has been released to these two clusters.

Integrated Development of Leather Sector:

17. 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 (TMS) was also initiated under ILDP.

18. 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.

19. Export performance of the leather sector went up from Rs.3036 crore during 1991-92 to Rs.8780 crore in 2002-03. Further the export of leather and leather products during April - December 2003 was Rs.6918 crore.

20. Women are employed in large numbers in Indian leather industry and are making important contribution to the national economy as well as exports. Of the 2.5 million people employed in the leather sector, 30% are women.

Intellectual Property Rights (IPR):

21. As a part of agreement establishing WTO, India ratified TRIPS agreement. Consequently, amendments have been carried out in Patent Law. Second amendment is also underway so as to make the Law fully compatible with WTO/TRIPS.

Industrial Entrepreneur Memoranda (IEMs):

22. Since the announcement of New Industrial Policy in 1991, 52318 IEMs have been filed with the Government till March 2004 for establishing new units, for manufacture of new articles and for expansion of existing units, etc. These IEMs had a proposed investment of about Rs.1,204,000 crore and proposed employment of more than 102 lakh persons. Since the inception of the IEM scheme, till March 2004, 5485 units have formally intimated commencement of commercial production. The actual investment reported in respect of these IEMs is about Rs. 1,88,262 crore involving employment of 9,18,616 persons.

Industrial Investment Intentions:

23. The complete investment scenario covers the Industrial Entrepreneur Memoranda (IEMs) for the de-licensed sector and Letter of Intent (LOI) for the licensable sector. The yearwise industrial investment scenario since 1991 is given below in the following table:

Foreign Direct Investment

24. Foreign Direct Investment (FDI) contributes directly and indirectly in building national capabilities. FDI is considered the best complement to domestic investment to bridge the gap between the investment needs of the country and its savings. FDI has long term and substantial developmental impact on the country's economy. FDI helps transfer and upgrade technology; improves skills and managerial capabilities; provides competitive edge to country's exports; improves efficiency and quality of services and goods; and helps create additional jobs.

Industrial Investment Scenario -LOI s and IEM s

TABLE 7
INVESTMENT AND EMPLOYMENT PROPOSED IN LOI s & IEM s

Year	L O I			I E M		
	Number	Proposed Investment (Rs. Crs)	Proposed Employment ('000)	Numaber	Proposed Investment (Rs. Crs)	Proposed Employment ('000)
1991	195	2071	34	3084	76310	769
1992	620	13994	97	4860	115872	923
1993	528	12845	100	4456	63976	703
1994	546	17937	130	4664	88771	829
1995	355	14265	91	6502	125509	1114
1996	522	29932	181	4825	73278	696
1997	321	9528	96	3873	52379	522
1998	145	3274	27	2889	57389	521
1999	132	827	17	2948	128892	477
2000	203	1042	31	3058	72332	411
2001	117	1318	14	2981	91234	809
2002	89	649	8	3172	91291	380
2003	102	1057	13	3875	118612	833
2004*	22	239	4	2331	133271	1424
Total	**3827**	**108978**	**843**	**53518**	**1289116**	**10412**

*Upto April-May 2004

Source: SIA, DIP&P, M/o Commerce & Industry

Foreign direct investments in India are approved through two routes:

(a) Automatic approval by RBI

25. 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.
- 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.

26. 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.

(b) Foreign Investment Promotion Board (FIPB) Route:

27. Foreign Investment Promotion Board (FIPB) 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- 9.1.1 & 9.1.2.

Export Promotion Effort:

28. The export has recorded a growth of 11.16% in Rupee in terms. As against export volume of Rs. 255137 crore during 2002-03, the export during 2003-04 stood at Rs. 283605 crore.

29. The annual amendment to the Export & Import (EXIM) Policy 2002-07 was carried out on March 31, 2003. The thrust of the amendment was to carry out procedural simplification of the various export promotion schemes, focus on critical sectors of export growth potential for India such as the services, agriculture, information technology, etc. Further trade facilitation measures and incentives were granted for units in the Special Economic Zones (SEZ)/Export Oriented Units (EOU)/Electronic Hardware Technology Parks (EHTP)/Software Technology Parks of India (STPI) scheme in a bid to boost exports from these zones. Some of the important initiatives/schemes of Department of Commerce are discussed below in subsequent paras.

30. **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 are allocated to the States according to the export performance criteria and remaining 20% as well as unutilized portion of past allocations is retained at Central level to take up inter-state projects and carry out activities for boosting up of exports from North East region. An outlay of Rs. 1725 crore has been made for the ASIDE scheme during the 10th Five Year Plan (2002-2007) of which provision for the year 2003-04 is Rs. 350 crore. Funds under the scheme are disbursed directly to a Nodal Agency nominated by the State Government, where it is kept under a separate head in the accounts of the Nodal Agency. In order to evaluate progress in the implementation of projects, its impact on exports etc., the projects sanctioned under the ASIDE scheme are being periodically visited by field formations of Department of Commerce, which submit consolidated report in the prescribed format to the Department of Commerce, the concerned State Government and the nodal agency of the State for appropriate action. A web-enabled monitoring system of the projects has been developed on the website of the Department for online assessment of the progress of the projects.

31. **Market Access Initiative (MAI) Scheme:** Market Access Initiative (MAI) scheme approved for implementation during the Tenth Plan aims to act as a catalyst to promote India's exports on a sustained basis. The scheme is devised on `focus product- focus country approach' to evolve specific strategies for specific markets and specific products through market studies/surveys. Assistance is extended under the Scheme to State Governments/ Export Promotion Councils/ Registered Trade Promotion Organisations/ Exporters, etc. for the following: (i) Marketing Studies; (ii) Marketing projects which may include showroom, warehousing facility, display in international departmental stores, publicity campaign and brand promotion, participation in trade fairs, research and product development etc; (iii) Export potential survey of the States; (iv) Registration charges for product registration abroad for pharmaceuticals, biotechnology and agro-chemicals; (v) Testing charges for engineering products; (vi) Study of WTO related matters.

32. The following table gives a cosolidated picture of physical and financial performance of the scheme:

Performance of MAI Scheme (Rs. crore)					
No.	**Year**	**B.E.**	**R.E**	**Funds released**	**No. of Projects**
1	**2002-03**	**42.00**	**14.50**	**10.86**	**40**
2	**2003-04**	**44.00**	**9.00**	**9.00**	**43**

33. **Special Economic Zones (SEZs):** 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 providing 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.

34. Government has already converted all the eight existing Export Processing Zones located at Kandla and Surat (Gujarat), Santa Cruz (Maharashtra), Cochin (Kerala), Chennai (Tamil Nadu), Noida (U.P), Falta (West Bengal) and Visakhapatnam (Andhra Pradesh) into Special Economic Zones. Approvals have also been given for setting up of 24 Special Economic Zones at Positra, Dahej and Mundra (Gujarat), Navi Mumbai and Khopta (Maha Mumbai) (Maharashtra), Nanguneri (Tamil Nadu), Kulpi and Salt Lake (West Bengal), Paradeep and Gopalpur (Orissa), Bhadohi, Kanpur, Greater Noida and Moradabad (U.P.), Kakinada and Visakhapatnam (Andhra Pradesh), Indore (Madhya Pradesh), Vallarpadam/Puthuvypeen (Kerala), Hassan and Baikampadi (Karnataka), Jaipur and Jodhpur (Rajasthan), Ranchi (Jharkhand) and Greater Noida by Export Promotion Council for Handicrafts (EPCH) on the basis of proposals received from the State Governments/private promoters. These SEZs are at various stages of implementation. Cabinet has approved the proposal of the Department of Commerce for enactment of a Central legislation on Special Economic Zone to provide internationally competitive duty-free environment for promotion of exports. Supported by quality infrastructure, complemented by a competitive fiscal package, both at the Central and State level with minimum regulatory regime, SEZ would become the engine for economic growth. The Central Special Economic Zone Bill would be presented shortly in the Parliament.

35. There were 711 units are in operation in Special Economic Zones as on 31st March, 2004. Their export performance in recent years is given in the following table:

Export Performance of SEZs (Rs. In Crores)	
Year	**SEZs**
2001-2002	9189.55
2002-2003	10056.62
2003-2004 (Provisional)	14003.89

36. **Agricultural and Processed Food Products Export Development Authority (APEDA)-** APEDA 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.

37. **Marine Products Export Development Authority (MPEDA) -** It is 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, 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. Details of item-wise export during the last two years are furnished below in the following table:

EXPORT OF MARINE PRODUCTS

ITEMS	% Share to Total		APR-MAR 2003-04	APR-MAR 2002-03	VARIATION	(%)
Quantity (MT)	100	Q	412017	467297	-55280	-11.83
Value (Rs. crore)	100	V	6091.95	6881.31	-789.36	-11.47
(in US $ million	100	$	1330.76	1424.90	-94.14	-6.61
Unit value (in US $/Kg.)		UV$	3.23	3.05	0.18	5.92

(*) U V$ variation % is worked out on the basis of actual value and not on the rounded value

38. **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 2003-04, India has initiated 14 cases. Further, during 2003-04 Preliminary Findings issued in 13 cases and final findings issued in 22 cases, which also include cases of earlier years.

39. According to the WTO Semi-Annual Report for the period January-June 2003, India was the second highest user of anti-dumping action initiating 12 cases. USA initiated the most investigations during the first semester of 2003 with 16 initiations. China with 11 initiations was at number three. As regards the final measures (definitive duty) imposed, India imposed

21 measures with the same number of impositions by Turkey during this period followed by Thailand with 20, Argentina with 18 and China with 11 measures. According to the WTO Semi-Annual Report for the period July-December 2003, India was the highest user of Anti-dumping action during the second semester of 2003 initiating 33 cases followed by USA with 21 cases. China with 11 initiations was at number three. As regards the imposition of the final measures (definitive duty), India imposed 32 measures followed by China with 21 and USA with 9 impositions.

40. The products from countries prominently figuring in Anti-dumping investigations are China, EU, Korea, Taiwan, Japan, USA, Singapore, Russia etc. The major product categories on which Anti-dumping duty has been levied are Chemicals & Petrochemicals, Pharmaceuticals, Fibres/Yarns, Steel and other Metals and Consumer Goods.

41. **Export Inspection Council (EIC),** 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.

42. **Export and Credit Guarantee Corporation (ECGC):** Credit Insurance is an important requirement for Exports. The primary objective of the Corporation is to support the Country's exports, by providing (a) a range of insurance covers to Indian exporters against the risk of non-realisation of export proceeds due to commercial, or political causes; and (b) different types of guarantees to Banks and other financial institutions to enable them to extend credit facilities to exporters on liberal basis. Tenth Five Year Plan provides an outlay of Rs. 400 crore for augmentation of equity base of ECGC.

43. **Modernization of Patent Offices:** As part of project approved recently, modernization of Patent Offices and 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.

44. A total of 13466 and 13190 applications were filed during 2002-03 (actual) and 2003-04 (estimated) respectively, under Patents Act, 1970.

45. **Director General of Foreign Trade (DGFT):** 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 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. The outlay for this scheme during 2003-04 is Rs.1.91 crore.

Public Sector:

46. As on 31.3.2003, there were 240 Central Public Sector Enterprises (CPSEs). Of the 225 operating CPSEs, loss making were 107 and 70 CPSEs whose net worth had become negative were registered with BIFR. Of these, only 3 CPSEs have been declared no longer sick. 27 recommended by BIFR for winding up and for 16 revival scheme sanctioned by BIFR, while remaining sick CPSEs are at various stages of processing. However, none of these 27 CPSEs wound up so far and it has been observed that BIFR takes considerable time (around 5 to 7 years) in disposing a case.

Sick PSUs:

47. According to the Public Enterprise Survey (2002-03), 107 CPSEs out of 240 incurred losses to the tune of Rs.10,944 crores. Some of these loss-making units are chronically sick. The foremost priority should be to close/wind-up/sell these units in order to plug the drainage of resources owing to their existence. Some of them have already been referred to the Board for Industrial and Financial Reconstruction (BIFR) which continue to function in absence of the constitution of National Company Law Tribunal (NCLT). Pending operationalization of NCLT, the existing procedure for revival/ rehabilitation of sick industry company requires reference to be made to BIFR. However, setting up of NCLT has been challenged and the case is under consideration of the Supreme Court. In absence of NCLT, a reference from BIFR cannot be withdrawn.

Board for Reconstruction of Public Sector Enterprises (BRPSE):

48. A new Board for Reconstruction of Public Sector Enterprises (BRPSE) has recently been constituted. The broad terms of reference, inter alia, includes to make recommendations for the revival of the public sector enterprises including their restructuring and cases where disinvestment or closure or sale is justified. The Board will be serviced by Department of Public Enterprises (DPE).

Consumer Awareness:

49. The issue of consumer protection touches upon the life of the common man across the country, particularly in the context of a rural, less literate and unorganized character of our population. Emergence of e-commerce and credit card phenomena using sophistry in marketing of products and services further makes the common consumer more vulnerable to exploitation. In essence, the fight for consumer rights is between two groups with vastly varying strength. As a result, the onerous task of protecting a common consumer has to be taken upon by the State. Protection of consumer from being exploited can be viewed as a chain of which consumer awareness, redressal and enforcement are important links - the strength of the chain being dictated by the strength of the weakest element. In addition to available GBS, alternative financial resources needs to be explored. The role of NGOs needs strengthening. Besides, innovative ways of funding with significantly larger outlays required for this vital aspect need to be explored. An efficient paradigm on consumer protection should be put in place using Best Practices.

50. 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. However, the frequency of the *"Jago Grahak Jago"* radio programme has now been

increased with the starting of an additional programme from 14th December, 2003. The episodes for second broadcast are to be made mainly on the welfare schemes and activities for the benefit of consumers at large. Department also prepared 4 video programmes in Hindi, each of 30 minutes duration specially targeting primary, upper-primary and secondary level students of schools during the year. The programmes will be made available in CD to schools, consumer clubs in the schools, State Governments and others concerned to make the students involved in the consumer awareness movement.

51. 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.

52. During the 10th Five Year Plan period, the Department has taken up schemes for modernizing the Regional Reference Standards Laboratories at Ahmedabad, Bangalore, Bhubaneshwar and the Indian Institute of Legal Metrology at Ranchi. The Regional Reference Standards Laboratory at Faridabad has started functioning in its newly constructed laboratory building. Construction work of Regional Reference Standards Laboratory at Guwahati is under way.

Sectoral Profile

Engineering Industry:

53. 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 6.9% during 2003-04 as against 5.7% during 2002-03.

54. There are 48 PSUs under the Department of Heavy Industry (DHI) engaged in manufacturing, consultancy and contracting activities, out of which 9 PSUs have been closed/ wound up and operations of 3 more suspended. Out of 36 working PSUs under DHI, 9 PSUs have made profit in 2003-04 of Rs 1042.99 crore (provisional) and remaining 27 made losses of Rs. 1925.60 crore, thereby leading to a net loss of Rs.882.61 crore. The total production in 2003-04 has increased to Rs.12142.18 crore from Rs. 11473.20 crore recorded for 2002-03.

55. Out of 48 PSEs, 19 had been referred to BIFR. Of these, BIFR has sanctioned revival schemes in 8 cases, winding up recommended in 3 cases, while for 8 cases BIFR recommendations are still awaited. Apart from BIFR cases, financial/ organizational restructuring has been approved for 7 PSEs, which would require fresh infusion of Rs.531 crore. Total 26 PSEs have been taken up for disinvestment/ JV formation, out of which 14 cases are being dealt in the Department of Disinvestment and remaining 12 subsidiary PSEs are being dealt in the Department of Heavy Industry.

56. Some of the disinvestment initiatives already taken up by the DHI include: Conversion of Belting Division of Andrew Yule & Co. in the year 1999 into a Joint Venture company (Phoenix Yule & Co.) with M/s Phoenix of Germany as the partner holding 74% of the equity with balance of 26% with AY & Co; Conversion of Lagan Jute Machinery Co. Ltd. (LJMC), a subsidiary of BBUNL into a JV and transfer of management of the company to JV partner in July, 2000; Conversion of Jessop & Co. Ltd. (Jessop), a subsidiary of BBUNL into a JV and transfer of management of the company to JV

partner in August, 2003. So far, 26 PSEs of DHI have been taken up for disinvestment/ JV formation out of which 14 cases are being dealt in the Department of Disinvestment and remaining 12 subsidiary PSEs are being dealt in the Department of Heavy Industry.

57. The notable events in respect of various PSUs under DHI during 2003-04 include: Conversion of Jessop & Co. Ltd. Into a JV Company by disinvestment in August 2003; BHEL bagged various prestigious award/ orders, HMT Limited launched 65 HP category tractor; Scooters India Limited (SIL) got "Greentech Environment Silver Award"; etc.

58. Voluntary Retirement Scheme (VRS) has been introduced in a number of PSEs to shed surplus manpower without causing undue hardship to the workers. About 81,000 employees have opted for VRS in PSEs of DHI during the last twelve years period 1992-93 to 2003-04 involving an expenditure of about Rs.2400 crore.

59. 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.

60. The 'Auto Industry' has made tremendous improvement during the last few years and has assumed a significant position in the industry sector. The turnover of the automobile industry during the year 2003-04 has crossed Rs.1,00,000 crore and it has participation of almost all the global players. Against a total installed capacity of 9.54 million vehicles (all type), it produced 7.22 million in 2003-04 and around 6.27 million during 2002-03. The automobile industry provides direct employment to 4.5 lakh and generates indirect employment of 1 crore. The contribution of the automotive industry to GDP is estimated to be 4.7%. The export of all types of vehicles (including two and three wheelers) in numbers during 2003-04 is 4,79,350. The production and Export in the automobile sector are shown below in the following table:

Items	**2002-03**		**2003-04**	
	Production (in Nos.)	**Export (in Nos.)**	**Production (in Nos.)**	**Export (in Nos.)**
Commercial Vehicles	203697	12255	275224	17227
Cars	608851	70828	842437	126249
Multi-utility Vehicles	114479	1177	146103	3067
2-wheelers	5076221	179682	5624950	264669
3-wheelers	276719	43366	340729	68138
Total	**6279967**	**307308**	**7229443**	**479350**

61. The Indian auto component sector today has 420 key players contributing more than 85% of the output of this sector. The statistics of the auto component sector during 2002-03 & 2003-04 are as follows:

Performance Indicators of auto component sector

Indicators	2002-03	2003-04
Investment	Rs 12,500 cr.	Rs. 13,400 cr.
Output	Rs 24,500 cr.	Rs. 30,640 cr.
Exports	Rs 3,800 cr.	Rs. 4,550 cr.
Employment	5,00,000 persons	5,00,000 persons

Indian auto component industry has seen major growth with the arrival of world vehicle manufacturers from Japan, Korea, US and Europe. Due to diversities in the technological profiles of these OEMs, the sector today produces large variety of components. Today, India is emerging as one of the key auto components center in Asia and expected to play a significant role in the global automotive supply chain in the near future.

62. The Government's shareholding in Maruti Udyog Ltd. has redued to about 18.28% after implementation of recent agreement with the Suzuki Motors Ltd. (SML) and Initial Public Officer (IPO) in June, 2003. 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, which is known as National Automotive Testing & R&D Project for Auto Sector (NATRIP), to meet the growing stringent environment regulation and safety norms. This would require an investment of Rs.1718 crore over a period of 5 years. Annual Plan 2004-05 has a provision of Rs.47 crore for this purpose.

63. Out of 48 PSEs under DHI, 21 PSEs have signed MoUs during 2003-04. Total turnover of 36 operating PSEs is anticipated at Rs.12142.18 crore in 2003-04 which is about 5.83% higher than the actual turnover of Rs.11473.20 crore in 2002-03. A target of total turnover of Rs. 14507.31 crore has been fixed for the year 2004-05.

64. Apart from provision of Rs 47 crore for setting up of testing facilities for auto industry, major portion of earmarked budgetary support of Rs.131 crore in 2004-05 is meant for lump sum requirement on projects and annual additions/ maintenance/ replacement to be taken up/ carried out by PSEs.

Shipbuilding & Ship Repair Industry:

65. The nodal responsibility of the entire Shipbuilding and Ship repair Industry rests with the Ministry of Shipping. There are 28 Shipyards in the country, 7 under Central Public Sector, 2 under State Governments and 19 under Private Sector Undertakings.

66. **Cochin Shipyard Limited (CSL):** CSL is the largest shipyard in the country having ISO 9001 Certification for shipbuilding, Ship repair and Marine Engineering Training. The Shipyard has the capacity to build and repair vessels up to 1,10,000 DWT and 1,25,000 DWT respectively. The CSL achieved record Shipbuilding production 68166 DWT during the year 2002-03. Despite difficult conditions the CSL would improve its Ship-repair turnover which was 109.72 crores in 2002-03 as against Rs.91.02 carores in 2001-02.

67. **Hindustan Shipyard Limited (HSL):** HSL was established in the year 1941 by Scindia Steam Navigation Company. The Govt. of India took over the Shipyard in the year 1952 and was in corporation

in 1961. The utilization of capacity is 14% against a planned target of 48%. The turnovoer from ship repairs has been increased from Rs. 48.24 crore in 1997-98 to about Rs.100 crore per year including retrofit turnover.

68. Large PSUs in the shipbuilding and shiprepair sector constitute approximately 95% of the gross turnover of the industry. However, capacity utilization of the public sector shipyards 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. 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.

Iron & Steel:

69. There has been a gradual increase in the domestic consumption, production and export of the finished Carbon steel over the years. The production of pig iron as well as sponge iron (which provides an alternative feed material to steel melting scrap) is also showing increasing trends. The table showing production of finished carbon steel, pig iron, sponge iron, and their import, export and domestic consumptions are given below in the following table.

(In Million Tonnes)

Year	Production of			Consumption on of finished Carbon Steel	Import of Steel	Export of Steel
	Finished Carbon Steel	Pig Iron	Sponge Iron			
2001-02	30.63	4.071	5.66	27.43	1.27	2.704
2002-03	33.67	5.285	6.91	28.89	1.50	4.50
2003-04	36.19	5.221	8.085	30.265	1.650	5.3

70. The Indian steel industry faced severe recessionary conditions in the recent past that led to a virtual drying up of investible funds - both in the forms of equity and debt- to steel and other related industries. However, the industry has been on an upswing for the past several quarters fuelled by a strong export performance and a steadily rising domestic demand. Though the recent recovery has once again spurred the interest of the entrepreneurs in capacity expansion in the medium to long term to meet the envisaged demand, the recent spurt in input prices and lack of assured linkages of both raw materials and infrastructure makes the prospective investors cagey. The Government needs to take appropriate steps to address these concerns to boost the confidence of the investing community.

71. The various supply side constraints faced by the steel industry are lack of supply of sufficient raw materials such as Iron Ore, Coking and Non-coking coal, Natural Gas as feedstock, etc, as well as inadequate availability of infrastructure like rail wagons, port infrastructure and inland waterways, etc. Meaningful strategies for removing these bottlenecks are needed.

72. National Steel Policy with a view to address the sector-specific concerns of the deregulated Indian Steel Industry within the boundaries set by the overall macro-economic policy is under considorations.

73. **Steel Authority of India Limited (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). However, with increasing world wide demand, the market has turned buoyant for steel from 2003-2004.

74. The net profit and sales turnover of SAIL during 2003-04 were Rs.2512 crores and Rs.24178 crores respectively, as against corresponding net loss of Rs.304.31 crores and sales turnver of Rs.19207 crores during 2002-03.

75. The company has taken up many measures to increase efficiency and productivity (including reduction in manpower) and to reduce energy consumption.

76. **Indian Iron & Steel Company Limited (IISCO):** The company was referred to BIFR in 1994. A revival package for this loss making subsidiary of SAIL has been approved by the Government and waiting for BIFR approval.

77. **Rashtriya Ispat Nigam Ltd (RINL):** The Visakhapatnam Steel Plant (VSP) of RINL a state-of-the-art plant commissioned in August, 1992 is able to achieve high level of performance. 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 already made turn around and during 2003-04 the net profit earned is Rs. 1521 crore (provisional).

78. **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.7.47 crore during the year.

79. **MECON:** MECON, the first consultancy and engineering company in the steel sector is facing difficulty 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.

80. **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. As on 31.3.2003 the manpower position of the company was 2771 and during 2003-04 the manpower has been reduced further by 377 nos.

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

82. **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. 76.12 crore in 2001-02 and Rs. 99.46 crores in 2002-03 and Rs.108.98 crores in 2003-04.

Drugs and Pharmaceuticals:

83. 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 have recorded export of worth Rs. 11925.4 crores (provisional) in 2002-03 against an import of Rs. 2717.82 crore (provisional).

84. **Implementation of Drug Pricing Control Order (DPCO), 1995:** As per DPCO, 1995 there are 74 bulk drugs and their formulations under price control with Maximum Allowable Post Manufacturing Expenses (MAPE) is 100%. for indegenous Manufactred Formulation. 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 manufactured 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.

85. 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 scheduled bulk drugs in 135 cases, which include 48 derivatives of scheduled bulk drugs and 2381 formulations since its inception. Of these, the prices of 37 scheduled bulk drugs, including 15 derivatives and 330 formulations were fixed during 2003-04 (April to October).

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

87. **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.

88. 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

89. **Chemical Industry:** It is one of the oldest industries having capability of producing array of products and contributes in exports to the tune of 11.15% of the total export. Production of major chemicals including pesticides exhibits increasing trend and the same is shown below in the following table.

(in '000 tonnes)

Item	Installed Capacity 31.3.2003	PRODUCTION		
		2002-03	2003-04 (Estimated)	2004-05 (Anticipated)
Soda Ash	2042	1632	1673	1840
Caustic Soda	1953	1520	1552	1707
Liquid Chlorine	1448	970	1012	1113
Calcium Carbide	86.50	49.00	45	50
Phenol66.50	76.20	72	79	
Methanol	385.00	362.10	366	403
Tech. Pesticides	144.95	68.17	68	75
Dyestuffs	52.70	25.90	27	29

90. **Hindustan Organic Chemicals Limited (HOCL):** The products manufactured by HOCL include Phenol, Acetone, Formaldehyde, Nitrobenzene, Aniline, Nitrotoluence, Chlorobenezene, Nitrochlorobenezene and Hydrogen Peroxide. The raw materials used by HOCL are Benzene,toluene, LPG, Methanol, Naphtha and Sulphur, the majority of which come from Petroleum Refineries. HOCL has two units, one at Rasayani (Maharashtra) and the Other at Kochi (Kerala). It also has a subsidiary company, M/s Hindustan Fluorocarbons Limited located at Rudraram (Andhra Pradesh) for manufacture of Poly-tetra-fluoro-ethyiene (PTFAE), a high-technology engineering plastic.

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

92. **Hindustan Insecticides Limited (HIL):** Its financial health 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. The Hon'ble Supreme Court, vide its Order dated 8.7.96, in a Writ Petition, directed closure/ re-location of Delhi Factory w.e.f. 30.11.96. The Company has put up a formulation plant for granules, liquid and solid formulations in Bathinda, Punjab as relocation of Delhi factory operations which was inaugurated by Hon'ble Minister for Chemicals & Fertilisers on 5.4.2003. A provision of Rs. 5.57 crore has been made for Annual Plan 2004-05 mostly to meet the renewal and replacement of the operating units.

93. **CPDS** (Chemicals Promotion and Development Schemes): Department is considering the possible advantage of Mega Chemical Industrial Estates with international facilities to attract investments. Preparation of its feasibility report would be taken up in the Annual Plan 2003-04 for which, Rs. 2.4 crore has been provided.

94. **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 2003-04 was 6891 lakh tonnes as against 6553 lakh tonnes in

2002-03. The corresponding consumptions have been reported to be 6595 lakh tonnes in 2003-04 and 6275 lakh tonnes in 2002-03.

95. 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.

96. **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 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.

Textiles:

97. The Indian textile industry with its large and diverse base accounts for nearly 13.5% of our total Industrial production and almost 25% of total exports. The sector, next only to agriculture, is the main source of employment in the country with almost 35 million employed directly (total 93 million). The labour engaged in handloom weaving is approximately 65,33,020 and employment in Powerloom Sector is to the tune of 42,31,846. Textile Industry has 4% share of GDP, 7% share in manufacturing, 27% share in exports with only 2-3% in imports and 8% share in Central Excise collections.

98. The world trade in Textiles and clothing during 2002 was to the tune of US$ 364.42 billion, against which India contributed 10.82 billion US$ making India's share as 3.13% of the total world exports and its rank being 7th in the world with China as first rank. Against world's capacity of 189.24 million spindles for (cotton and wool taken together), India's installed capacity is 37.86 million spindles, which is 20.01% of world's installed capacity and it ranks 2nd in the world after China. India has 0.48 million Rotors against world's installed capacity of 8.43 million Rotors and its share is mere 5.69% and ranks 5th in the world, Russia being the leader in Rotors. In the Weaving Sector, against world's installed capacity of 4.11 million shuttle looms, India's share is 1.92 million shuttle looms with 46.72% share in the world and it ranks 1st in the world's shuttle looms' installed capacity. Against shuttleless looms installed capacity of 0.02 million against world's installed capacity of 0.76 million and it ranks 9th in the world's installed capacity, China being the leader. In the handlooms, India accounts for 84.78% of the world's installed capacity with 3.9 million handlooms against world's installed capacity of 3.46 million and it ranks 1st in the world. India ranks 1st in the production of jute fibre in the world market with 61% share, second in the production of raw-silk in the world market with 18.89% share, 3rd in production of raw cotton with 12.08% share. India ranks 5th in the world market for synthetic fibre/yarn with 6.29% share. India mostly imports wool from Australia and Newzealand and its domestic production has a share of mere 2% and ranks 12th in the world market for greasy wool. India ranks at the 2nd position in the world market for production of cotton yarn and fabric with 11% share, China being the leader. It also ranks 2nd in the world production of cotton cloth with 16% share, China being the leader.

99. Textile Industry provides indirect employment opportunities especially in our rural areas - a major chunk to either women or those from the socially and economically marginalized groups. The sector's importance is also reflected in the fact that access to clothing is the crucial or basic need after availability of food and shelter anywhere in the world.

100. The 10th Plan period (2002-2007) has been crucial for the Textile sector as it has coincided with two important policy challenges namely, (i) Implementation of the National Textile Policy (NTxP-2000) announced by government in 2000; and (ii) Phasing out of the quota regime i.e. by the end of 2004 and need for preparing the industry to face the highly competitive post -MFA environment.

101. The policy goals before the 10th plan were to enable the textile and apparel industry including their raw material production to *(i) build world class state-of-the-art manufacturing capacities to attain and sustain a pre-eminent global standing in manufacture and export of textiles & clothing; (ii) Withstand pressures of import penetration and maintain a dominant presence in the domestic market; and(iii) increase sustainable employment in rural and small industry, with emphasis on skill upgradation, infusion of technologies, building up of infrastructure and vertical linkages to the market.*

102. **Special Package for North Eastern Region (NER) in Textile Sector:** As per the Special Package announced for the development of NER, all the Departments are to earmark 10% of their Gross Budgetary Support (GBS) for schemes/programmes to be implemented in the region. As far as Industry Division is concerned, under the NCJD Scheme against the outlay of .Rs 0.50 crores, Rs.2.50 crores and Rs.1.70 crores for the years 2002-03, 2003-04, 2004-05, an expenditure of Rs. 0.50 crores, Rs.2.50 crores and Rs. 0.18 crores (upto 17.8.2004) respectively has been incurred. Under the Apparel Parks Scheme, against an outlay of Rs.2.50 crores for Annual Plan 2003-04, no expenditure has been incurred.

103. **Special Package for Jammu &Kashmir (J&K) in Textile Sector:** As regards the Special Package for Jammu & Kashmir -a total allocation of Rs. 70 crores is provided for the sector. There is no Scheme under the Industry Division for J&K Package.

104. **Schemes in Textile Sector:** In the Textile Sector under large and medium industries, the important schemes are: Technology Upgradation Fund Scheme (TUFS), Technology Mission on Cotton (TMC), Apparel Parks Scheme and the Textile Centre Infrastructure Development Scheme (TCIDS).

105. **Technology Upgradation Fund Scheme (TUFS):** TUFS is one of the important or flagship scheme in the textile sector with a 10th plan allocation of Rs 1270 crore. Out of this total till now (i.e.17.8.2004), an amount of Rs 463.56 crore has been spent i.e.36.5 % of the allocated amount. This scheme was introduced to tackle the crucial issue of technical obselence and modernisation but its progress has been far below the expectation. When the Scheme was launched., Government had expected that it would be able, by the year 2004, to induce an investment of around Rs. 24000 crore i.e Rs. 20,000 crore for textile industry, Rs.3000 crore for the garment industry, Rs.500 crore for the jute industry and Rs.300 crore for the cotton ginning and pressing sector. However, the performance of the industry in availing the assistance from the scheme during the last 65 months of its operations has been moderate. As on 30th June, 2004 (latest available), a total of 3167 applications have been received with a project cost of Rs.20366 crores. Rs.7705 has been sanctioned to 2910 units and Rs.5492 crore has been disbursed in respect of 2476 applications. As per the latest information received an amount of 625.56 crore has been spent upto 17.9.2004 since the launch of the scheme against the 10th Plan allocation of Rs.1270 crore making a percentage of 49.26.

106. The physical progress in terms of number of units sanctioned and disbursed is higher in SSI segment at 67% of the total. However, in terms of amount sanctioned and disbursed, the same is higher in non-SSI segment at 87% and 88% respectively. 20% subsidy under Capital Subsidy

Scheme for powerloom units was launched w.e.f. 6.11.2003. As on 30.9.2004, 109 cases have been received from banks/manufacturers/units with a total investment in machinery of Rs.20.91 crore. The subsidy amount for the cases works out to be Rs.4.18 crores.

107. A proposal for additional incentive of 3% i.e. raising it from 5% to 8% for the Processing Sector is under active consideration of the Planning Commission.

108. **Technology Mission on Cotton (TMC):** Though Indian textiles consume a wide variety of fibres- both natural fibres like cotton, wool, silk or jute as well as manmade & blended yarns, the sector continues to be predominantly cotton based. Over the years and specially after adoption of the *Multifibre Policy* in 1985 , the share of cotton as a fibre base has however been showing a declining trend . The Mission has been in operation to address the basic issues relating to the core fibre of cotton like low productivity, contamination, obsolete ginning and pressing factories, lack of storage facilities and market infrastructure.

109. The Technology Mission on Cotton (TMC) was launched during 9th Plan to address the issues of raising productivity, improving quality and reducing the cost of production and thus provide the much-needed competitive advantage to the textile industry along with ensuring attractive returns to the farmers. The Mission consists of four Mini Missions (MM). While Mini Missions I & II are under the purview of Ministry of Agriculture, Ministry of Textiles is the Nodal Agency for Mini Missions III & IV. While the former is for improvement in market infrastructure/marketing yards as well as new market yards , the latter is for modernisation of ginning and pressing factories for improving the quality of cotton by reducing contamination.

110. Under the scheme, an amount of Rs. 70 crores has been spent till now out of the plan allocation of Rs. 150 crores i.e. 46.67%. Details of the physical targets, projects sanctioned and completed upto July, 2004 vis.a.vis Ninth plan is given in the following table:

(In Rs. crore)

Category	9th PLAN *				10th PLAN**			
	Target (No)	Approved (No)	Completed (No)	GOI Share	Target (No)	Approved (No)	Completed (No)	GOI Share
Mini Mission- III (Market yards)	51	51	47	38.64	60	60	24	58.99
Mini Mission- IV (G&P factories)	150	150	150	29.65	350	246	114	58.42

[During the 9th Plan, TMC was in operation for three years only (1999-2000 to 2001-02)*
*** 10th Plan full period of five years i.e. 2002-03 to 2006-07.]*

111. An Additional Fund of Rs.20 crores has been envisaged for the remaining period of the Tenth Five Yeasr Plan.

112. **Apparel Parks Scheme:** This scheme was introduced for setting up of infrastructure facilities for production of apparel products exports for international standards. Out of Tenth plan allocation of Rs.75 crore for the scheme a total of Rs.13.34 crores (i.e. 17.79%) has been spent. As explained by MOT, the main reason for shortfall in expenditure is attributable to the requirement for the associations/industry to form Special Purpose Vehicles, obtain land and put up bankable projects before they approach this Ministry for release of government fees. The process is interactive and

time- consuming and back loads the release of subsidy: consequently it slows down the pace of release. Despite the above constraints, the scheme progress has been fairly satisfactory and it may be expected to improve in the remaining period of the plan. So far, eleven projects have been cleared in this Schemes for different states. This includes two each in Uttar Pradesh *(Tronica city, Kanpur)* and Tamil Nadu *(Kancheepuram, Tirupur)* as well as one each in Kerala *(Thiruvanathapuram)*, Andhra Pradesh *(Vishakapatanam)*, Karnataka *(Bangalore)* , Gujarat *(Surat)*, Punjab *(Ludhiana)*, Madhya Pradesh *(SEZ, Indore)* and Rajasthan *(Mahal-Jaipur).* Work has also begun in many of these projects.

113. **Textile Centre Infrastructure Development Scheme(TCIDS):** Out of Tenth plan allocation of Rs 75 crore Rs 10.93 (i.e. 14.57%) has been spent. In the scheme, the reasons for shortfall is attributable to the requirement for the associations/industry to form Special Purpose Vehicles, obtain land and put up bankable projects before they approach this Ministry for release of government fees. The process is interactive and time consuming and back loads the release of subsidy: consequently it slows down the pace of release. However, in the scheme progress has been satisfactory and it is expected that the expenditure would begin registering shortly. Under the TCIDS scheme, total 13 projects have been cleared which includes three in Andhra Pradesh *(Warangal, Pashmylarlam and Sircilla)*, two each in Gujarat *(Narol - Shahwadi, Pandesara - Surat)*, Maharashtra *(Bhiwandi, Solapur)* and Tamil Nadu *(Kancheepuram, Tirupur)* and one each in Kerala *(Kannur)*, Haryana *(Panipat)*, Madhya Pradesh *(Indore)* and in Rajasthan *(Jassol Balotra Bithuja)*. Work has already been initiated on many of these projects. As the Scheme is for balancing investment and for export purposes, only projects which fall under the purview with export angle needs to be emphasized. An additionality of Rs.80 crores has been proposed for the remaining period of Tenth Five Year Plan.

114. **New Schemes in Textile Sector:** The 10th Plan had also made provision for introduction of three new schemes for the sector i.e. for Technical Textiles *(Rs. 3.0 crores)*, Export Market Support Scheme *(Rs. 9.0 crores)* and the Jute Technology Mission *(to be funded out of the existing Special Jute Development Fund (SJDF) with an allocation of Rs. 40 crores)*. No expenditure under these subheads have been incurred as all three schemes are yet to be approved for implementation. The Jute Technology Mission is under the consideration of Planning Commission and the other Jute Schemes, viz., NCJD, JMDC, SJDF would be evaluated and subsumed into a mission approach to give a holistic, integrated approach and dynamic thrust to the bottlenecks in the Jute Sector by way of a mission approach as the jute Industry will receive a fresh impetus in all respects, given its special ecological importance worldwide and within the country as a part of the National Common Minimum Programme of the UPA Government.

115. **Autonomous Organizations in Textile Sector:** Three autonomous organizations, i.e., National Institute of fashion Technology (NIFT) National Center for Jute Diversification,(NCJD) and Jute Manufacturers Development Council (JMDC) are direct recipients of Plan Grants. NIFT has incurred an expenditure of Rs.47.63 crores against Rs.30 crores allocated for tenth Five Year Plan.

116. **National Common Minimum Programme (NCMP) with reference to textile sector:** The NCMP makes specific reference to the textiles sector which includes: (i) emphasis on modernisation of handlooms, powerlooms, garments, handicrafts; (ii) fresh inputs to jute industry in all respects given its special ecological importance; and (iii) setting up of a Natural Manufacturing Competitiveness Council to energise and sustain industries including textiles and arments; and expansion of Welfare schemes including social security, health insurance etc. for workers including weavers.

117. **Employment Generation in Textile Sector:** The Working group on Textiles & Jute industry for the 10th plan had projected 1.74% rise in employment annually. Employment in textiles was expected to increase from 34.42 million persons in 2001*(31st March)* to 40.15 millions by the terminal year of the tenth plan. The employment in allied sectors was also expected to increase from 47.53 million persons to 50.75 million persons.

118. **PSUs in the Textiles Sector** 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

119. During the year 2003-04 (April-February), total production of jute goods stood at 1423.8 thousand M.T. as against 1464.5 thousand M.T. in the corresponding period of 2002-03.

120. **Jute Technology Mission (JTM):** The Planning Commission has recently given in- principle approval to the Ministry of Textiles proposal for executing the Jute Technology Mission (JTM) during the period 2003-04 to 2008-09 with an overall outlay of Rs.458.34crores. This is also one of the important component of NCMP of UPA Government. The JTM has the following objectives: (i) To improve yield and quality of jute fibre; (ii) To strengthen existing infrastructure for development and supply of quality seeds; (iii) Improvement of quality of fibre through better methods of retting and extraction technologies; (iv) To increase the supply of quality raw material to the jute industry at reasonable prices and to develop efficient market linkage for raw jute; (v) To modernize, technologically upgrade, improve productivity, diversify and develop human resource for the jute industry; and (vi) To develop and commercialise innovative technology for diversified use of jute and allied fibres. The JTM will be operationalised through the following four Mini Missions:

Mini Missions	**Objectives**	**Executing Ministry**	**Proposed outlay (Rs. in crores)**
Mini Mission - I	To strengthen agricultural research and technology achievements	Ministry of Agriculture	20.39
Mini Mission - II	Development/extension of raw jute and transfer of improved technology	Ministry of Agriculture	19.79
Mini Mission - III	To develop efficient market linkages for raw jute	Ministry of Textiles	155.26
Mini Mission - IV	To modernize, technologically upgrade, improve productivity, diversify and develop human resource for the jute industry.	Ministry of Textiles	262.90
	TOTAL		**458.34**

Out of the above, Mini Mission - III and Mini Mission - IV pertain to Industry Sector.

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

122. 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.

123. 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.

124. **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.

125. **Trend in Foreign Trade of Textile Items and Jute Goods.**

Exports

a) Textile exports (including handicrafts, coir and jute goods) grew by 8.19% during April-August, 2004 compared with the corresponding period of last year, i.e., April-August, 2003 according to DGCI&S figures. The export during 2003-04 grew by 5.51% compared to 2002-03.

b) The sector showing positive growth are ready-made garments (6.82%), Cotton Textiles (11.46%), Wool & Wollen Textiles (53.85%), Man-Made Textiles (16.28%), Silk (19.32%), Coir and Coir Manufactures (46%). This increase is neutralized by decline in exports of Handicrafts (24.77%) and Jute Goods (6.38%) making an overall increase in Textiles including Handicrafts of 8.19% for April-August, 2004 compared to corresponding period of last year, i.e., April-August, 2003.

Imports

a) Total textile imports during April-July, 2004 was at Rs. 2631.73 crores as against Rs. 3056.27 crores during April-July, 2003, i.e., fall of 13.89%.
b) The upward trend was recorded in imports of Semi-raw material (9.35%), Made-ups (51.54%) and yarn & fabrics (7.16%) respectively.
c) However, there was decline in import of Raw Material (1.79%) and RMG (44.54%) during the period, i.e., April-July, 2004.

Foreign Direct Investment

100% FDI in Textiles Sector is permitted under automatic route with the exception of knitting/knitwear which is reserved for small scale industry. All India figures indicate that FDI in Textile Sector during April-September, 2004 (Figure US $ 822.87 million) have increased from 0.16 to 2.48% (US $ 767.08 million) over the same period in the previous period.

Fertilizer:

126. Except Namrup Revamp Project, no addition in capacity additions has been planned for the year either in private sector or in public sector. The progress on the Revamp Project is slow and though Revamp of Namrup-III Unit has been almost completed and put into production from 25-3-2003, progress on Namrup-II is lagging behind almost by two years. Nevertheless, this project hardly affects the demand supply position of fertilizers in the country. Due to the failure of monsoon in some southern States, consumption of fertilizer remains almost stagnant which is at present much lower to the availability of domestic production. Accordingly, capacity utilisation of the industry has suffered during the year(91.2% for nitrogen and 70.1% for phosphate), see table below. Import of fertilisers had also been lower to the previous year.

	Nitrogen				**Phosphate**			
	Demand	Capacity	Production	Utilisation	Demand	Capacity	Production	Utilisation
Target	127.2	120.00	116.1	96.8	59.0	54.2	48.2	88.9
Actual	104.7	120.00	105.6	88.0	40.19	54.2	39.0	78.0

127. New pricing policy (NPS) of urea which is based on group pricing has been put into effect from beginning of the financial year and has replaced the plant-wise retention pricing scheme in operation since 1977. A revision on the pricing of complex fertilizers and DAP has also been taken up through a study by BICP. In addition, 25% to 50% of urea production which distribution was controlled under ECA allocation, has been allowed for sale anywhere. However, there has been no increase in MRP of the fertilizers though a 7% increase was stipulated in the plan as well as formed one of the major recommendations of ERC.

128. There has been marked reduction in the expenditure under planned scheme of the PSEs or cooperatives under the Department. FCI and HFC units except Namrup Units have been closed down and both of these PSEs are under winding up. Accordingly, 360-crore Sindri Rehabilitation Project has not taken off. FACT is also running in losses and, therefore, could not take up any of their revamp projects. Expansion projects at Thal (RCF) and Hajira (KRIBCO) also could not take off due to delay in modification of new expansion pricing policy, etc. for add another group PPCL is also running into losses and though Government has taken a decision to close the units, a formal closure awaits judgement from the Patna court where an appeal against closure is pending.

Atomic Energy:

129. 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 ensures 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 MWe with 14 units (12 PHWR and 2 BWR) in commercial operation and it has been targeted to achieve 4020 MWe by the end of Tenth Plan and reach 9990 MWe by the end of Eleventh Plan.

130. 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 constituted the front end of the nuclear power programme.

131. BRIT, plans to set up a new gamma radiation facility for providing efficient gamma radiation sterilization services to the health care 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 health care products would also be set up at or near Kota, Rajasthan for providing support to rural health care programme.

132. 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 inter-metallic 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.

133. 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 includes 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-U fuel. A provision of Rs. 5 crore is provided fro augmentation of waste management facilities for PFBR fuel cycle.

134. 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.

135. 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.

Annexure 9.1.1

Foreign Direct Investment

Sl. No	Sector	Equity Limit	Entry Route
I	**Manufacturing**		
I.1.1	Drugs (recombinant DNA)	100%	FIPB
I.1.2	Drugs (Others)	100%	Automatic
I.2	Petroleum Refining - PSUs	26%	FIPB
	Petroleum Refining - Private	100%	Automatic
I.3	Oil marketing	100%	Automatic
I.4	SSI	25%	Automatic
I.5	Tea	100%	FIPB
II	**Mining & Quarying**		
II.1	Diamond, precious stones	74%	Automatic
II.2.1	Petro Explore: small & medium field	100%	Automatic
II.3.1	Coal & Lignite	50%	Automatic
	Power user	100%	FIPB
	Other user	50%	Automatic
II.3.2	Coal Washery	100%	FIPB
II.4	Automic Mineral Mining Mineral separation, value addition	74%	FIPB
IV.	**Infrastructure Services**		
IV.1	Airports	74%	Automatic
		100%	FIPB
IV.2	Civil Aviation (Domestic Airlines)	100% (NRI)	Automatic
		49% (Others)	Automatic
IV.4.1	Petro Product Pipeline	100%	Automatic
IV.4.2	NG/LNG Pipeline	100%	FIPB
V	**Financial Services**		
V.1	Banking (Private)	74%	Automatic
V.2	Investing companies	74%	FIPB
V.3	Insurance	26%	Automatic
VI.	**Telecom and Information Technology**		
VI.1	Telecom	40%	FIPB
VI.2	Basic & Mobile	74%	FIPB
VI.3	Total Bandwidth	74%	FIPB
VI.4.1	ISP (Except gateways)	100%	Automatic
VI.4.2	ISP with gateways	49%	Automatic
		74%	FIPB
VI.5	Email, Voice Mail	100%	Automatic
		74%	FIPB
VI.6	Radio Paging	74%	FIPB
VI.7.1	Broadcasting DTH, Ku	20%	FIPB
VI.7.2	FM Broadcasting		
VI.7.3	Broadcasting (TV software production)	100%	FIPB
VI.7.4	Up linking, Cable Network	49%	FIPB
VI.8	Establishment and operation of Satellite	74%	FIPB
VI.9	Telecom Manufacturing	100%	Automatic
VII.	**Other Services**		
VII.1	Advertising	74%	Automatic
VII.2	Trading (export, SSI..)	51%	Automatic
	Trading (export, bulk import)	100%	FIPB
VII.3	Courier service (Postal)	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/building/shed	0%	FIPB
VIII.2.3	Township Development	100%	Automatic
VIII.3	Defence and Strategic Industries	26%	FIPB

Sectors excluded: Railway Transport, Atomic Energy (Except Mining and exploration), Defence (Except Manufacturing), Mining of iron, manganese, chrome, gypsum, sulphur, gold copper, zinc

Annexure 9.1.2

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	2001-02	2002-03 (R)	2003-04(P)	2004-05(P)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A.Direct Investment (I+II+III)	**97**	**129**	**315**	**586**	**1,314**	**2,144**	**2,821**	**3,557**	**2,462**	**2,155**	**4,029**	**6,130**	**5,035**	**4,673**	**4,471**
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	2,764	2,387	3,059
With the approval of															
a.Government (SIA/FIPB)	..	66	222	280	701	1,249	1,922	2,754	1,821	1,410	1,456	2,221	919	928	991
b. RBI	..	-	42	89	171	169	135	202	179	171	454	767	739	534	1,190
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	735	795
e. Equity capital of unincorporated bodies #	..	..	..	..	..	..	..	..	..	..	61	191	190	190	83
II. Reinvested earnings $	..	..	..	..	..	..	..	..	..	..	1,350	1,645	1,833	1,798	1,362
III. Other capital $$	..	..	..	..	..	..	..	..	..	..	279	390	438	488	50
B. Portfolio Investment (a+b+c)	**6**	**4**	**244**	**3,567**	**3,824**	**2,748**	**3,312**	**1,828**	**-61**	**3,026**	**2,760**	**2,021**	**979**	**11,377**	**7,309**
a. GDRs/ADRs # #	-	-	240	1,520	2,082	683	1,366	645	270	768	831	477	600	459	442
b. FIIs **	-	-	1	1,665	1,503	2,009	1,926	979	-390	2,135	1,847	1,505	377	10,918	6,859
c. Offshore funds and others	6	4	3	382	239	56	20	204	59	123	82	39	2	—	8
Total (A+B)	**103**	**133**	**559**	**4,153**	**5,138**	**4,892**	**6,133**	**5,385**	**2,401**	**5,181**	**6,789**	**8,151**	**6,014**	**16,050**	**11,780**

*: Relates to acquisition of shares of Indian companies by non-residents under Section 6 of FEMA, 1999. Data on such acquisitions have been included as part of FDI since January 1996.

#: Figures for equity capital of unincorporated bodies for 2003-04 are estimates.

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

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

$: Data for 2003-04 are estimated as average of previous two years.

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

Notes: 1. Data on FDI have been revised since 2000-01 with expanded coverage to approach international best practices.

2. These data, therefore, are not comparable with FDI data for previous years.

9.2 MINERALS

Sustainable development of minerals is essential for growth of industries and development of infrastructure. India is well placed in regard to iron ore and bauxite reserves but significantly poor in minerals such as copper, nickel and gold, zinc, diamond, antimony and platinum groups of metals and dependent on imports of these minerals. There is need for carrying out mineral exploration quite intensively for establishing more recoverable reserves of these minerals in the country by adopting a conceptual approach.

2. The cost effective mineral exploration and development with the state-of-the-art technology through promoting private investment in both mineral exploration and creating new mining capacities is the need for faster development and internationally competitive mining sector. The major thrust has to be accelerating growth along with conservation and protection of environment for which both foreign capital and technology will have to be encouraged. One of the major factors of low investment is the procedural delays. There is also a need to review the policy and procedures for speeding up of clearances and to remove impediments faced by the industries in the sector.

REVIEW OF ANNUAL PLAN 2003-04

3. Keeping in view the main objectives of Tenth Plan, 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 basemetals.

4. The contribution of mining and quarrying in GDP during 2002-03 was Rs 31047 crore which has increased to Rs 32398 crore in 2003-04 (at 1993-94 prices) registering a growth rate of 4.4 percent in 2003-04 over the previous year. This sector accounted for about 2.36 percent of the total gross domestic product (GDP) in 2002-03 which declined to 2.27 percent in 2003-04.

5. During AP 2003-04, a FDI proposal involving Foreign Direct Investment (FDI) of about Rs.1.00 crore had been approved through the Foreign Investment Promotion Board (FIPB) route. With this FIPB approvals reached to 73 nos. indicating an expected FDI inflow of Rs.4,044 crore.

6. Hopefully, the mining sector was opened up for private investments, both domestic and FDI over a decade ago for development of minerals but the results have not so far been encouraging. The main areas of concern of low investment include procedural delays at the levels of Central and State Governments in clearance of mining proposals and their mandatory environment clearance.

7. MCR 1960 and MCDR, 1988 have been amended which inter-alia provide for scheme of final & progressive mine closure plan for rehabilitation of area under ML after its abandonment, minimum size of ML for ensuring systematic and scientific mining,

8. 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.

9. Monitoring of physical and financial performance of various organizations & public sectors continued by the Planning Commission through Quarterly Performance Review (QPRs) during A.P. 2003-04 based on zero based budgeting.

10. Soft copy conversion of geological reports, digitization of maps, setting up net and portal for dissemination of information and connectivity of regional offices with Central Headquarters, Kolkata by Geological Survey Of India continued.

SUB SECTORAL PROFILE

Physical performance of various ferrous and non-ferrous metals during Annual Plan 2003-04 is shown in Annexure -9.2.1. A sub-sector wise brief is as under:

IRON ORE

11. As on 1-4-2002, recoverable reserves of haematite and magnetite (iron ores) in India are estimated to be over 9,919 million tones and 3,516 million tones respectively.

12. Production of iron ore including concentrates during the year 2003-04 was 100.60 million tones as against 97.0 million tones in 2002-03.

13. Dispatches of iron ore including concentrates for the year 2003-04 are estimated at 101.80 million tones. Of which internal consumption and exports would be 61.30 million tones and 40.50 million tones respectively.

CHROMITE ORE

14. The total recoverable reserves of chromite are estimated at over 97 million tones. Of which 97 percent reserves are confined to Orissa state only.

15. Production of Chromite in the year 2003-04 was estimated at 3.475 million tones as compared with 3.066 million tones during the year 2002-03.

16. Estimated dispatches of chromite during 2003-04 was 2.448 million tones. Of which 1.186 million tones would be for internal consumption whereas, 1.262 million tones for exports.

MANGANESE ORE

17. Recoverable manganese ore reserves of blast furnace grade are estimated at 191 million tones as on 4.1.2002. The major portion of the reserves are of blast furnace grade whereas, ferro-manganese grade is limited to 11.00 percent of the total reserves.

18. Production of manganese ore during 2003-04 is estimated at 1.62 million tonnes as compared to 1.66 million tonnes in the previous year.

19. During the year 2003-04 estimated dispatches of manganese ore were 1.45 million tonnes, Of which 1.25 million tonnes would be for internal consumption and 0.20 million tonnes for export.

ALUMINIUM

20. As on 1-4-2002 the recoverable bauxite (Aluminium ore) reserves are estimated at 2525 million tonnes, placing the country 5th in rank in the world, next to Australia, Guinea, Brazil and Jamaica and are expected to last for over 350 years at a consumption rate of 7.00 million tonnes per annum.

21. The installed capacity for the production of Alumina in the country is 27,97,000 tonnes per annum and 875,000 tonnes per annum of Aluminium. There are five companies which produce Alumina and Aluminium viz. the National Aluminium Company Limited (NALCO) - 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.

22. During the year 2003-04, the production of Aluminium was estimated to 816.50 thousand tonnes. The share of NALCO in the domestic production is about 36.52%.

23. The proposal of 2nd Phase expansion of NALCO's integrated Aluminium Complex has been considered and recommended by the PIB for consideration. After expansion, NALCO would be the largest alumina producer in Asia with an exportable surplus of one million tpa. Since the aluminium industry is energy intensive, the possibilities of setting up smelters abroad need to be explored.

COPPER

24. Copper ores mined from the captive mines of the country by Hindustan Copper Limited are of low grade and prevent large scale mining from under ground mines due to the geometry of ore body (narrow width and flatter inclination). The insitu copper ore reserves as estimated on 1.4.2000 are about 712 million tonnes. Of these, only 224.5 million tonnes (32%) are in proved category.

25. The installed capacity for the production of copper in the country is estimated to be 4,62,500 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 2003-04 was estimated to be 395.96 thousand tonnes (Annexure-9.2.1). Due to continuous fall in LME prices of copper and progressive reduction in Customs Duty on imported copper, HCL continued to incur losses. However, the LME price has shown a rising trend over the past few months of the current year and may bring the company on tracks.

LEAD AND ZINC

27. The country has about 231 million tonnes of insitu reserves of lead & zinc ore, containing about 5.10 million tonnes of lead metal and 17.02 million tonnes of zinc metal. Of these, only 39% are under proved category.

28. The present smelting capacities for primary Zinc and primary Lead metals in the country are 2,60,000 tonnes and 36,000 tonnes per annum respectively.

29. Hindustan Zinc Ltd. and Binani Industries Ltd. are the only producers of Zinc in the country. During the year 2003-04, the production of Zinc was 254.55 thousand tonnes. Lead production was at 33.70 thousand tonnes (Annexure-9.2.1).

INDIAN BUREAU OF MINES (IBM)

30. 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.

31. Amendments in MCDR,1988 in tune with UNFC for National Mineral Inventory (NMI) Data base have been notified by Gazette Notification No 185 dated 17-4-2003. During the year 2003-04, 100 multi-mineral maps of Orissa, Andhra Pradesh and part of Jharkhand States were prepared and digitized.

32. After the development of software for conversion of NMI as per UNFC, the inputting of data as on 1.4.2000 was completed in respect of all the 64 minerals. Indian Bureau of Mines (IBM) continued to work on United Nations Framework Clarification (UNFC) of Indian Mineral resources for converting data according to international standards, besides preparation of overlays superimposing mineral maps with forest maps.

GEOLOGICAL SURVEY OF INDIA (GSI)

33. During the Annual Plan 2003-04, GSI continued to carry out ground geological, geophysical, airborne, marine surveys and digitization of maps besides modernization of its laboratories. An area of about 7735.5 sq.km. has been covered by the specialized thematic studies in different parts of the country. Aerogeophysical multi sensor data has been acquired for 31919 L.km. in Nalagonda and Mehboob Nagar areas.

34. Marine wing of GSI continued its off-shore geo-scientific programme in Exclusive Economic Zone (EEZ) and beyond. Seabed mapping in the near shore shallow water zone up to 5m water depths was undertaken.

35. Although GSI has geared up its entire mechanism of prioritization and procurement process to achieve the goal of modernization and restructuring at desired level, so far the progress has been slow.

36. Commensurate with the Tenth Plan objectives of national geochemical mapping, an area of 19,391 sq. km. was covered during the period AP 2003-04.

MINERAL EXPLORATION CORPORATION LIMITED (MECL)

37. MECL carried out detailed exploration and exploratory mining for various metallic non-metallic minerals including coal, lignite and coal bed methane(CBM). Against an allocation of 46300 meter drilling for the year 2003-04, the company has carried out 44144 meter drilling representing 96% achievement. Slimhole drilling for CBM investigation in North Karanpura and Bokaro coal fields on behalf of M/s ONGC and Sanchor was taken up.

EXTERNALLY AIDED PROJECTS

38. During Annual Plan 2003-04 , GSI had proposed modernization of laboratory facilities and re-structuring of its ground, marine and Ariel surveys with BRGM financial aid. Due to non-realisation of these funds, the programmes could not be taken up.

39. Under IBM-BRGM, EAP programmess, IBM received various laboratory equipments. Expert from BRGM visited IBM and installed equipments in the modern mineral processing laboratory and pilot plant at Nagpur besides training of IBM officers.

ANNUAL PLAN 2004-05

40. Commensurate with the objectives of Tenth Plan (2002-07), thrust area for the Annual Plan 2004-05 in mineral sector include: intensive exploration for high value low volume minerals like gold, diamond and platinum group of metals, creation of enabling environment to attract new investment through private sector participation with the state-of-the-art technology and managerial expertise for finding concealed new mineral resources and develop them sustainably.

41. Thrust will have to be given for augment uranium reserves for fulfilling the fuel requirement of proposed Pressurized Heavy Water Reactor (PHWR) based nuclear projects in the Tenth Plan period.

42. GSI will have to expedite its restructuring and modernization programmes , 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 acquiring a new research vessel 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" is to be initiated.

43. Work taken up by the Indian Bureau of Mines (IBM) is to be accelerated in order to bring up the National Mineral Inventory (NMI) as per this classification to present reserves/resources of minerals on internationally uniform system.

44. Large number of Sponge Iron Industries consume mainly iron ore lumps and reject fines. Keeping this in view, there is need for setting up pelletization plants for optimum utilization of all grade iron ore fines .

PLAN OUTLAY

45. An outlay of Rs 888.05 crore was approved for Annual Plan 2003-04, to be financed through IEBR of Rs. 653.55 crore and GBS of Rs 234.50 crore. The expenditure during the Annual Plan 2003-04 is Rs. 496.86 crore at current prices representing about 55.94 percent of the approved outlay and is a matter of concern. The main shortfall is in respect of National Aluminium Company Limited followed by the Geological Survey of India. (Annexure-9.2.2)

46. The Annual Plan 2004-05 has been approved for an outlay of Rs 558.55 crore to be financed through Rs 243.50 crore NBS.

Annexure- 9.2.1

Physical Performance for Annual Plan 2001-02 (Actual), Annual Plan 2002-03 (Actual) , and Annual Plan 2003-04 (Estimated)

S.No.	Item	Unit	2001-02 Actual	2002-03 Actual	2003-04 Estimated
1.	Iron Ore	Mill. Ton.	80. 99	97.00	100.60
2.	Aluminium	Tho. ton.	633.75	689.00	816.50
3.	Copper Cathode	Tho. ton.	305.52	377.44	395.96
4.	Zinc (Primary)	Tho. ton.	205.00	236.00	254.55
5.	Lead	Tho. ton.	38.00	39.00	33.70

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

Includes 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-9.2.2

Plan Outlay (BE, RE 2003-04 & BE 2004-05

(Rs. in crores)

S. No.	Name of the PSUs/ Organizations	Actual 2002-03	BE 2003-04	Actual 2003-04	BE 2004-05
1	National Aluminium Company Ltd.	608.69	650.00	325.00	310.00
2	Hindustan Copper Ltd.	85.00	20.00	20.00	40.00
3	Mineral Exploration Corporation Ltd.	10.92	9.00	7.86	12.00
4	Geological Survey of India	79.0177*	176.00	113.48**	162.00
5	Indian Bureau of Mines	15.79@	19.00	16.47@@	20.00
6	Science & Technology	8.51	8.05	8.05	8.55
7	Construction (GSI & IBM)	7.00	6.00	6.00	6.00
	Total	**814.93**	**888.05**	**496.86**	**558.55**

* includes Rs. 2.45 crores aid through budget

** includes Rs. 5.05 crore as aid through Budget

@ included Rs. 1.78 crores aid through budget

@@ includes Rs. 1.50 crores aid through budget

9.3 ENERGY

India's energy needs are rising with economic growth. The gap between demand and domestic supply of primary commercial energy has been increasing. This has led to increased reliance on imports, especially of crude oil. Security of India's energy supplies, rising prices of crude and raising the level of access in a sustainable manner are key challenges facing India's energy sector.

2. Major developments in respect of Coal & Lignite and Petroleum & Natural Gas sectors are briefly detailed below. The Power Sector is covered in Chapter 10 under Infrastructure.

i) Coal & Lignite

Introduction

3. Since coal will continue to remain the principal source of commercial energy in the country for the foreseeable future, the supply constraint is going to be the focus area. The Tenth Five Year Plan envisaged 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.

Review of Annual Plan 2003-04

4. The anticipated coal offtake/consumption in 2003-04 at 377.13 mt excluding 3.41 mt of washery middlings is almost in line with the estimated demand for the year and is about 4 % more than the actual coal offtake in 2002-03. This indicates an average annual growth of 3.6% in the first two years of the Tenth Plan against an envisaged growth of 5.74% in the Tenth Plan.

5. The anticipated coal production of 352.30 mt in 2003-04 is about 1% more than the target for the year and about 3% more than the actual achievement in 2002-03. This indicates an average annual growth of 3.7% in the first two years of the Tenth Plan against the envisaged annual growth of 4.46%.

6. The anticipated lignite production of 20.90 mt from Neyveli Lignite Corporation (NLC) in 2003-04 is as per the target for the year and is about 12% more than the actual achievement in 2002-03 and indicates an average annual growth of 6.7% against 8% envisaged in the Tenth Plan. Similarly, the anticipated gross power generation of 14837 million units (MU) in 2003-04 is about 99% of the target for the year and is marginally lower than the actual achievement in 2002-03 and implies an average annual growth of 1.3%.

7. The anticipated capital expenditure (RE) for the year 2003-04 is Rs.2515.25 crore and forms about 76% of the BE provision. The anticipated expenditure in case of coal PSUs has been about 78% (CIL 82%; SCCL 60%; and NLC 69%) and in case of Central Sector Schemes of DOC the expenditure has been about 52% only.

8. Since the present captive mining policy of permitting private sector in coal mining restricted to captive consumption alone has not yielded the desired results, it has been proposed to allow private sector in commercial coal mining for augmenting domestic coal production for reducing the rising gap between demand and domestic supply. 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. Instituting a regulatory mechanism for coal is also awaited. 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.

National Common Minimum Programme

9. There are no issues relevant to coal sector under NCMP other than the need to review mineral royalty. The coal royalty rates were last revised in August 2002 and an increase of about 16% was considered in this revision. Similarly, the revision of royalty on lignite took place in March 2001.

Annual Plan 2004-05

Coal Demand

10. As against the anticipated coal offtake/consumption of 377.13 mt of raw coal excluding 3.41 mt of washery middlings in 2003-04, the estimated coal demand for Annual Plan 2004-05 is 404.19 mt excluding 3.58 mt of middlings, which is about 7% more than the anticipated offtake in 2003-04. Of the estimated demand for 2004-05, 33.98 mt (8.4%) is coking coal for steel sector for a hot metal production programme of 25.32 mt & cookeries in 2004-05 and 370.21 mt (91.6%) is non-coking coal for power generation and other industrial purposes. About 68% of the total estimated coal demand is for power sector utilities related to a coal based generation programme of 390 billion Kwh in 2004-05; about 5% is for cement sector related to a cement production programme of 130.7 mt; about 6% for captive power and the remaining about 13% is for other sectors. The details of coal demand/offtake are given in the Table-1 below.

Table-1: Sectoral Coal Demand/Offtake

(million tonnes)

Sl. No.	Sector	Tenth Plan			
		2003-04		2004-05	2006-07
		Target	**Anticipated**	**Target**	**Projected**
	Coking Coal				
1	Steel	35.35	30.07	33.27	35.32
2	Coke Ovens	0.81	0.58	0.71	1.89
	Sub-Total Coking:	**36.16**	**30.65**	**33.98**	**37.21**
	Non-Coking				
3	Power Utilities	256.00	263.71	274.52	317.14
		(3.04)	(2.29)	(2.48)	(3.74)
	Stock	-	-	5.00	-
4	Cement	16.50	16.50	19.00	24.56
5	Steel (DR)	5.36	6.50	7.50	7.00
6	Railways	-	-	-	-
7	Fertilisers	3.14	2.59	2.81	4.18
8	LTC/Soft Coke*				0.20
9	Cokeries/Coke Oven NLW)*				1.50
10	Export	0.02	0.02	0.02	0.10
11	Captive Power	22.49	20.66	24.90	28.26
		(1.15)	(1.02)	(1.10)	(1.40)
12	BRK & Others	39.58	35.00	35.00	37.85
		(0.10)	(0.10)	(-)	(0.10)
13	Colliery consumption	1.65	1.50	1.46	2.50
	Sub-Total NonCoking:	**344.74**	**346.48**	**370.21**	**423.29**
		(4.29)	(3.41)	(3.58)	(5.24)
	Grand Total:	**380.90**	**377.13**	**404.19**	**460.50**
		(4.29)	(3.41)	(3.58)	(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 anticipated coal production of 352.30 mt in 2003-04 is about 2.25 mt more than the annual target. As against this, a coal production target of 369.15 mt is set for Annual Plan 2004-05, which is 4.8% more than the anticipated production in 2003-04. This comprises of 314 mt from CIL, 35 mt from SCCL, 7.45 mt from TISCO/IISCO/DVC, 8.20 mt from captive blocks and 4.5 mt from others (Meghalaya). The share of opencast production in CIL is about 84% and underground production is 16%. In SCCL, the share of opencast production is about 55% and that of underground is 45%. 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

(million tonnes)

Company	Tenth Plan			
	2003-04		2004-05	2006-07
	Target	Anticipated	Target	Target
ECL	29.00	28.00	29.00	31.00
BCCL	27.50	24.00	25.20	33.00
CCL	35.50	38.50	40.00	43.30
NCL	46.50	46.50	47.50	52.00
WCL	37.25	37.85	38.00	37.50
SECL	69.00	69.00	74.50	84.55
MCL	53.10	55.00	59.00	68.00
NEC	0.65	0.65	0.80	0.65
CIL:	**298.50**	**299.50**	**314.00**	**350.00**
SCCL	**33.50**	**33.50**	**35.00**	**36.13**
TISCO/ IISCO/DVC	**7.85**	**7.45**	**7.45**	**7.64**
Captive	**5.20**	**7.35**	**8.20**	**6.73**
Others	**5.00**	**4.50**	**4.50**	**4.50**
Total:	**350.05**	**352.30**	**369.15**	**405.00**

12. The contribution from captive blocks is about 2% 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 - 2004-05

(million tones)

Category	CIL	SCCL	TISCO/ IISCO/DVC	Captive Blocks	Others (Meghalaya)	Total
Existing	27.99	3.82	7.45	5.20	4.50	48.96
Completed	218.47	23.68	-	-	-	242.15
Ongoing	41.34	7.10	-	-	-	48.44
New	26.20	0.40	-	3.00	-	29.60
TOTAL:	**314.00**	**35.00**	**7.45**	**8.20**	**4.50**	**369.15**

13. During 2003-04, 20 projects for a capacity of 25 mt with a capital investment of Rs.1145.63 crore were sanctioned in CIL and 10 projects for a capacity of 5.194 mt with a capital cost of Rs.300.86 crore were sanctioned in SCCL. However a number of major projects are awaiting approval. Taking up of new projects is getting delayed due to delays in land acquisition, forestry clearance, EMP clearance, other procedural aspects etc. It is likely that rising thermal coal demand may out pace the domestic production in the medium term unless these procedural delays are reduced substantially facilitating taking up of new projects.

Washed Coking and Non-Coking Coal

14. The anticipated **washed coking coal** production of 4.73 mt from CIL sources in 2003-04 forms about 89% of the target for the year. Against this, the target of washed coking coal in 2004-05 is fixed at 5 mt. Absence of proper quality of feed is adversely affecting washery performance. There is a need to augment washery capacity to match the available quality of feed. Also coking coal production needs to be augmented by properly addressing the land acquisition and R&R issues in BCCL areas.

15. Similarly, the anticipated **washed thermal coal** production from CIL sources is 8.63 mt, which is slightly more than the target for the year 2003-04. The target for 2004-05 is set at 9.05 mt. There is a need to set up more number of washeries for augmenting washed thermal coal in order to comply with the environmental stipulations of MOEF.

Demand Supply & Coal Movement

16. The anticipated coal offtake of 377.13 mt of raw coal in 2003-04 was planned to be met through a domestic production of 352.30 mt, stock draw down of 3.46 mt from CIL and 1.25 mt from others totaling to a domestic supply of 357.01 mt and an import of about 20 mt of coking and non-coking coal. As against this, the projected demand of 404.19 mt is planned to be met through a domestic production of 369.15 mt, a stock draw down of 1.05 mt from CIL and a proposed import of 23.39 mt of coking and non-coking coal. This still leaves a gap of 10.6 mt should the estimated demand materialise. National coal companies would need to augment production to fulfill the requirements or imports may increase.

17. Of the assessed demand of 404.19 mt of raw coal in Annual Plan 2004-05, the planned offtake from CIL and SCCL is 350.05 mt or about 87 per cent. This is about 3 per cent more than the provisional offtake in 2003-04 from these companies. Of the planned offtake from CIL and SCCL, the proposed movement of coal by rail is 185.85 mt. (53 percent) and a total four wheeler wagons (FWWs) of 23109 per day would be required, which is about 6 per cent more than the provisional number of wagons supplied during 2003-04.

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. Railways have taken up execution of some of these links.

19. The share of other modes of transport of coal offtake planned by CIL and SCCL is 62.56 mt (18%) by road, 85.63 mt ((24%) by MGR, and 16.01 mt (5%) by other modes. 17.12 mt or about 5% of offtake is through coastal shipping i.e. rail cum sea route and also gets counted under rail.

Lignite

20. Against the anticipated lignite production of 20.90 mt from NLC in 2003-04, the target of production for 2004-05 is set at 21 mt matching the downstream requirements. Similarly, against the anticipated gross generation of 14837 MU in 2003-04, the target for 2004-05 is set at 15286 MU.

Status of Manpower & Employment.

21. The envisaged number of employees in 2004-05 in CIL is 473965 against 488896 in RE 2003-04, which shows a decline in manpower of about 3%. In SCCL, the number of employees envisaged for 2004-05 at 86003 against 93035 employees in RE 2003-04 indicates a decline in manpower of 7.6%. However, in case of NLC, the number of employees of 18833 for 2004-05 is same as in RE 2003-04.

Productivity

22. Against an anticipated overall OMS in CIL of 2.77 t (UG-0.70 t, OC-6.64 t) in 2003-04 the target of OMS for 2004-05 is set at 2.92 t (UG- 0.71 t, OC-7.12 t). The proposed increase in the productivity is 5% over the anticipated OMS in 2003-04.

23. In case of SCCL against the anticipated overall OMS of 1.90t (UG-0.90 t, OC-7.37 t) the target of OMS for 2004-05 is set at 1.94 t (UG-1.02 t, OC-7.37 t). The proposed increase is 2% over the anticipated OMS in 2003-04.

24. The anticipated overall OMS in NLC for 2003-04 was 9.81 t against which the target for 2004-05 is set at 9.43 t, which is about 4% lower than the anticipated OMS in 2003-04. This is because of diversion of manpower of the chemicals unit (which is planned to be closed from 2004-05 onwards) to mines.

25. The proposed increase in coal production of CIL in 2004-05 is 14.5 mt or 4.8% over the anticipated production in 2003-04 with a proposed overall improvement in productivity of 5% and reduction in manpower of 3%. In case of SCCL, the proposed increase in coal production is 1.5 million tonne with an improvement in productivity of 2% and reduction in manpower of 3% over 2003-04.

26. In case of NLC, the proposed targets for 2004-05 indicate a growth of about 0.5% in lignite production and 3% growth in power generation with a slight decline in the OMS without any change in the position of manpower.

27. 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

28. A number of recurrent deficiencies are being observed in formulation of coal sector projects and there is a necessity to improve the project formulation for meaningful implementation and avoiding deration of capacities. Land acquisition, forestry clearance, rehabilitation, equipment supplies, inadequate geo-technical investigations, etc. continue to cause delays in implementation of coal projects and also deration of capacities vis-à-vis foreclosure of some of the projects.

Zero Based Budgeting

29. A review of all the central sector schemes of Department of Coal (DOC) under Zero based budgeting was carried out in consultation with DOC with a view to ascertain the continuity, modification

and changes in the Annual Plan 2004-05. Accordingly, the schemes, namely, R&D/S&T, Coal Controller Organisation, Promotional Exploration, Detailed Exploration in Non-CIL blocks, Environmental Measures and Subsidence Control (EMSC) VRS have been agreed to be continued.

Central Sector Schemes

Promotional Exploration

30. 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 and is continuing. Geological Survey of India (GSI), Mineral Exploration Corporation (MECL) and Central Mine Planning &Design Institute (CMPDIL) are the agencies involved in conducting promotional exploration. The country's coal resources as of 1.1.2003 stand at 240.75 billion tonnes (bt) of which 90 bt (37%) are estimated to be proved reserves, 112.61 bt (47%) are indicated and 38.05 bt (16%) are inferred reserves. Similarly the lignite resources are estimated to be 35.63 bt of which proved reserves are estimated to be 3.78 bt (11%).

31. Against a target of drilling for promotional exploration of 1,20,300 meter in 2003-04, the likely achievement is 1,38,500 meter (15% more than the target). As against this, the target of drilling in 2004-05 is set at 1,35,000 meter.

Detailed Drilling in Non-CIL Blocks

32. Out of 90 bt of estimated proved coal reserves, the extractable reserves are only about 18 bt and there is a need to upgrade the coal resources to proved and mineable/extractable category from energy security point of view. The scheme of detailed drilling in Non-CIL blocks was taken up during the Ninth Plan in order to reduce time lag between allotment of mining blocks to potential entrepreneurs and commencement of coal mining operations by them and thus to make up the gap between the demand and availability of coal and also to upgrade the coal reserve inventory.

33. Against a target of drilling of 41650 meter in 2003-04, the likely achievement is 42200 meters. The target of drilling for 2004-05 is set at 42830 meters.

Science & Technology (R&D)

34. The Research & Development Programme in coal sector gained importance after nationalisation of coal industry. The Standing Scientific Research Committee (SSRC) under the chairmanship of Secretary (Coal) and members from other Government Departments & Industry is the nodal agency to promote coal S&T programme. SSRC is assisted by four Sub-Committees, namely, Production, Productivity & Safety; Coal Beneficiation; Coal Utilisation; and Environment & Ecology for taking up of proposals.

35. The major identified issues under the thrust areas for coal S&Tprogramme are - coal gasification, coal washing, beneficiation of low volatile coking coals (LVMC), coal liquefaction, fluidised bed combustion, sequestration of CO2 in control of green house gas and extraction of CBM, etc. There were 46 ongoing S&T projects during 2003-04 and 8 new projects were added during this period. The total ongoing projects in 2004-05 stand at 54. There is a need to identify and formulate new schemes matching the Tenth Plan thrust areas under S&T.

36. The success stories of R&D in coal sector would need to be considered for patenting of technology and commercial application.

Environmental Measures and Subsidence Control (EMSC)

37. 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. Also, schemes to rehabilitate the affected mining areas and persons in these coalfields have been taken up as per the recommendations of the High Level Committee of DOC. Presently, there are 9 ongoing schemes under subsidence control, 8 schemes under environmental measures, 2 schemes under social mitigation, 4 under rehabilitation and control of fires and one for monitoring. However, a comprehensive approach would need to be adopted in addressing the issue of fires in Jharia coalfield and subsidence in Raniganj coalfield through project mode as these problems have been continuing over a long period and tackling of the problem would help conserving precious coking coal deposits and avoid unsafe conditions in these coalfields.

Voluntary Retirement Scheme (VRS)

38. This scheme was introduced in the Ninth Plan for rationalisation of manpower by making available required funds through NRF initially, which was, later supported by extending budgetary support. For Annual Plan 2003-04, a target of retiring 5200 employees (ECL-2000, BCCL-2000 and CCL-1200) through VRS was fixed. Against this, the likely achievement is retirement of 4000 employees (ECL-1000, BCCL-2000 and CCL-1000). For Annual Plan 2004-05, a target of retiring 4000 employees (ECL-1000, BCCL-2000 and CCL-1000) through VRS has been set. The target of retirement of persons through VRS scheme is in addition to retirement of employees on attaining the age of superannuating.

Monitoring Mechanism

39. 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

40. 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.

41. Pending the clearance of Coal Bill 2000 to facilitate private sector participation in non-captive mining in the meanwhile, it is important to explore joint venture route to take up new mines by public sector coal companies.

42. 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.

43. Presently, the import duty on coking coal is nil and that of thermal coal is 5%. Further rationalisation of import duties on coal is important to facilitate higher coal imports in view of increasing gap between demand and local supply. This would also promote competition in the sector.

44. Some of the subsidiary companies of CIL like NCL, SECL, MCL, WCL, etc. have been performing well and are cash surplus. It is desirable if these companies could venture into pithead thermal generation for diversification in line with NLC, which has already taken up some projects for pithead generation using coal.

45. Since the existing norms of capitalization of coalmines have become irrelevant in the changing economic scenario, a Committee of DOC has reviewed these norms and suggested modified approach for capitalization of new coal projects by properly defining construction period and production build up period, capital stripping of overburden, development of basic infrastructure to sustain the commercial production, etc. Adoption of new approach would help coal companies in capitalizing the new projects on commercial lines.

Safety & Welfare

46. 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 2003 was 0.20 per million tonne of coal output and has been the lowest ever achieved. Similarly the fatality rate in SCCL has been 1.36 per million tonnes of coal output due to some major accidents.

47. The overall housing satisfaction for 2003-04 is anticipated to be 84% in CIL and 50% in SCCL. This is planned to reach 86% in CIL and 56% in SCCL in 2004-05. A total population of 22.7 lakh in CIL and 6.3 lakh in SCCL is anticipated to be covered under water supply scheme in 2003-04. As against this it is planed to cover 22.85 lakh in CIL and 6.5 lakh in SCCL in 2004-05. 87 hospitals with 5979 beds in CIL and 7 hospitals with 1008 beds in SCCL are in operation. In addition to this, 436 dispensaries in CIL and 40 dispensaries in SCCL are also functioning.

Plan Outlay

48. An outlay of Rs.3321.30 crore was provided in BE 2003-04 for DOC. This included an outlay of Rs.278.45 crore for NLC (Power). As against this, the RE provision in 2003-04 has been Rs.2515.25 crore including Rs.136.63 crore for NLC (Power). The anticipated expenditure is about 24% 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. In case of NLC also delay in taking up of new projects has affected the Plan expenditure. Also, there is a shortfall of 48% in the anticipated expenditure of Central Sector Schemes. No provision was

made for VRS in RE for 2003-04 since the amount was proposed to be extended as a loan to CIL instead of grant by MOF, where as DOC has been requesting for treating the same as grant.

49. For Annual Plan 2004-05, DOC has been provided with an outlay of Rs.3339.02 crore in BE including Rs.243.07 crore for NLC (Power). This provision is 33% more than RE 2003-04. It has been planned to finance the outlay through an IEBR of Rs.3115.70 crore and a GBS of Rs.223.32 crore. There is no component of EAP (component routed through Budget) and the entire budgetary support is meant for Central Sector Schemes of DOC including VRS. The company-wise/scheme-wise details are given in Table-4 below.

Table-4: Companywise/Schemewise Outlay and Expenditure

(Rs. Crore)

Company/Scheme	2002-03 Actual	2003-04		2004-05
		BE	RE	BE
Coal India Ltd.	1192.15	2240.00	1846.00	2310.00
Singareni Coll. Co. Ltd.	139.49	340.00	205.00	325.00
Neyveli Lignite Corporation (Mines)	259.13	176.95	177.62	237.63
Science & Technology	7.00	22.48	10.04	9.88
Coal controller Organisation	0.19	0.21	0.21	0.22
Regional/Promotional Exploration	17.50	56.10	85.18	51.84
Env. Measures & Subsidence Control	13.12	27.56	10.92	18.22
Detailed drilling in Non-CIL Blocks	12.53	12.52	15.06	12.83
Information Technology	-	-	-	4.50
Voluntary Retirement Scheme	107.08	138.44	0.00	103.50
Total Coal & Lignite	**1748.18**	**3014.26**	**2350.03**	**3073.62**
Neyveli Lignite Corporation (Power)	175.70	278.45	136.63	243.07
NEC	-	28.59	28.59	22.33
Total DOC	**1923.88**	**3321.30**	**2515.25**	**3339.02**

Externally Aided Projects

50. There are no externally aided projects in the coal sector.

ii) Petroleum and Natural Gas Sector

51. Efforts are underway to increase the domestic supply of crude oil and natural gas through increased exploration of the Indian sedimentary basins. Some 91 blocks have been awarded since 1999 under four bidding rounds of the New Exploration Licensing Policy (NELP). This has led to 9 onshore and offshore discoveries with KG basin gas find being the most significant. Improved and enhanced oil recovery from existing fields and acquisition of equity oil and gas overseas are also being pursued aggressively. ONGC Videsh Ltd. (OVL) has already acquired participating interests in properties in Vietnam, Russia, Sudan, Iran, Myanmar, Iraq, Libya and Syria. During 2003-04, equity oil and gas constituted 9.1% and 1.6% of India's overall availability respectively. Import of LNG has commenced for the first time with the establishment of India's first LNG terminal at Dahej with a capacity of 5 million tonnes of LNG. Imports of LNG at Dahej will enhance local gas availability by about 25%.

52. Government has announced a comprehensive National Auto Fuel Policy for the country that lays down the norms for vehicle emissions and auto fuels to meet environmental concerns. Further, the Government has been endevouring to provide a policy environment that encourages competition in petroleum sector under an independent and transparent regulatory framework.

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53. Against the projected consumption of 107.16 MMT of petroleum products in 2003-04, the actual consumption was 106.55 MMT. During 2002-03, the actual consumption was of 104.12 MMT. Thus the consumption of petroleum products during 2003-04 grew at a rate of 2.33% against the projected growth rate of 2.92%.

54. The Annual Plan 2003-04 targets for exploratory and development drilling by the National Oil Companies (ONGC & OIL) were 557.85 thousand meters and 501.45 thousand meters respectively. The actual achievements were 374.07 thousand meters and 384.97 thousand meters respectively. The achievements are lower by 32.9% and 23.2% compared to the targets (Annexure-9.3.1).

55. The Annual Plan 2003-04 target for Crude Oil production was 33.50 MMT inclusive of production by private/joint sector. The actual crude oil production was 33.37 MMT, which is 99.6% of the target. The achievement in crude oil production in 2003-04 is marginally lower than the targets in case of ONGC and OIL whereas the production from JVC and private companies is higher than the targets (Annexure-9.3.2.).

56. The actual natural gas production during 2003-04 was 31.95 BCM, against the target of 31.30 BCM indicating a higher achievement by 2%. The production from onshore fields of ONGC was lower than the target whereas that from offshore fields exceeded the target. The production from JVC/Private companies was also higher than the target (Annexure-9.3.3).

57. The refining capacity, as on 1.4.2003, was 116.97 MMTPA, which was augmented by 9.0 MMT (3.0 MMT by CPCL and 6.0 MMT by Reliance Petroleum) during 2003-04. Thus, the refining capacity as on 1.4.2004 was 125.97 MMT (Annexure-9.3.4). Currently, there is excess refining capacity in the country. Setting up of additional capacity will depend on increased domestic demand or on ability to compete internationally.

58. The crude oil imports in 2003-04 were 98.33 MMT i.e., 10.8% higher than the actual imports of 88.73 MMT during 2002-03. The petroleum product imports and exports during 2003-04 were 7.89 MMT and 14.62 MMT against the actuals of 6.74 MMT and 10.29 MMT in 2002-03 respectively. Petroleum product exports in 2003-04 have increased by 34% over the actual exports in 2002-03. Due to excess capacity, refineries have been forced to export products at f.o.b. prices as opposed to selling them in the domestic market at the more lucrative import parity prices.

59. The actual expenditure during the year 2003-04 was Rs. 16,625.99 crore which is 75.3% of the approved outlay of Rs. 22,080.43 crore. The main reasons for shortfall in expenditure is on account of lower achievements in drilling, delays in Improved Oil Recovery (IOR) schemes, delay in capital purchases in case of ONGC and deferment of Punjab Refinery by HPCL (Annexure-9.3.5).

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Programmes and Schemes:

Demand of Petroleum Products

60. The likely consumption of petroleum products in 2004-05 is estimated at about 113 MMT against the actual consumption of 106.55 MMT during 2003-04. Thus, the growth in demand during the year is projected at 6%.

Exploratory and Development Drilling

61. The targets for 2004-05 for exploratory and development drilling have been kept at 554.61 thousand meters and 498.26 thousand meters respectively. These are 48.2% and 29.4% higher than the actual respective achievements during Annual Plan 2003-04. The details of drilling activities are presented in Annexure - 9.3.1.

Crude Oil Production

62. The target for crude oil production for Annual Plan 2004-05 has been kept at 33.15 MMT, which is only marginally lower than the 2003-04 production of 33.37 MMT. Enhanced oil recovery (EOR) and Improved Oil Recovery (IOR) investments are helping in maintaining current production levels. The details of crude oil production are provided in Annexure - 9.3.2.

Natural Gas Production

63. A target of 30.93 BCM has been fixed for natural gas production in 2004-05 against the production of 31.95 BCM in 2003-04. The lower target for 2004-05 against the actual of 2003-04 reflects the decline in production from the ONGC gas fields due to ageing. The details of natural gas production are provided at Annexure - 9.3.3.

Refining Capacity

64. The Refining capacity is expected to increase to 137.07 MMT by 1.4.2005 from the level of 125.97 MMTPA as on 01.04.2004. The increase will be on account of expansion of the IOCL's Panipat Refinery (6.0 MMTPA) and BPCL's Refinery (5.1 MMTPA). The Details of refining capacity are given in Annexure - 9.3.4.

Environmental Initiatives

65. Refineries have implemented programmes for up-gradation 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 specifications to other parts of the country while introducing Bharat Stage-III (equivalent to Euro-III) specifications for petrol and diesel in the four metropolitan cities and 7 major cities from April, 2005.

Major Projects

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

(i) Mumbai High North Redevelopment plan -- ONGC

(ii) Mumbai High South Redevelopment plan -- ONGC

(iii) Development of Bassein East -- ONGC

(iv) Mumbai High - Uran Trunk Pipeline -- ONGC

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

(vi) Panipat Refinery Expansion from 6 MMTPA to 12 MMTPA - IOC

(vii) 9 MMTPA Grass-root Refinery in Eastern India - IOC

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

(ix) 6 MMTPA Central India Refinery Project -- BPCL

(x) Refinery Expansion cum Modernisation Project -- CPCL

The details of project costs, outlays and expenditures for 2003-04, approved outlay for 2004-05 and the schedule of commissioning of the above projects are given in Annexure -9.3.5. The actual realization of the refineries listed under (vii), (viii) & (ix) above would be linked closely to domestic growth in consumption for petroleum products since the current refining capacity is more than adequate for the current levels of consumption of petroleum products.

Outlay

67. An outlay of Rs. 23,575.80 crore (BE) has been provided in the Annual Plan 2004-05 for the Petroleum and Natural Gas Sector - Rs. 18,038.90 crore for Exploration and Production Sector and Rs. 5,536.90 crore for Refining and Marketing Sector. No budgetary support is proposed for the Petroleum & Natural Gas Sector. The company-wise outlays and expenditures are provided in Annexure -9.3.6.

Annexure-9.3.1

Petroleum and Natural Gas

Exploratory and Development Drilling

('000 M)

Region	Tenth Plan Targets	2002-03 Actual	2003-04 Target	2003-04 Actual	Achievement during 1st two years Vs 10th Plan (%)	2004-05 Target
	1	2	3	4	5	6
1. Exploratory Drilling						
a) ONGC						
i) Onshore	1095.02	290.34	326.36	237.62	48.21	312.06
ii) Offshore	480.51	57.85	165.49	87.17	30.18	187.85
Sub Total (a)	**1575.53**	**348.19**	**491.85**	**324.79**	**42.71**	**499.91**
b) OIL						
i) Onshore	338.10	42.20	66.00	49.28	27.06	54.70
ii) Offshore	27.50	0.00	0.00	0.00	0.00	0.00
Sub Total (b)	**365.60**	**42.20**	**66.00**	**49.28**	**25.02**	**54.70**
Total (Expl.)	**1941.13**	**390.39**	**557.85**	**374.07**	**39.38**	**554.61**
2. Development Drilling						
a) ONGC						
i) Onshore	694.51	289.57	296.35	247.98	77.40	261.26
ii) Offshore	469.45	135.76	135.10	78.32	45.60	151.90
b) OIL						
i) Onshore	370.00	87.83	70.00	58.67	39.59	85.10
ii) Offshore	0.00	0.00	0.00	0.00	0.00	0.00
Total (Dev.)	**1533.96**	**513.16**	**501.45**	**384.97**	**58.55**	**498.26**

Annexure-9.3.2

Petroleum and Natural Gas

Crude Oil Production

(MMT)

Region	Tenth Plan Targets	2002-03 Actual	2003-04 Target	2003-04 Actual #	Achievement during 1st two years Vs 10th Plan (%)	2004-05 Target
	1	2	3	4	5	6
a) ONGC						
i) Onshore	42.02	8.45	8.82	8.38	40.05	8.18
ii) Offshore	88.00	17.55	17.57	17.68	40.03	17.99
Sub Total (a)	**130.02**	**26.00**	**26.39**	**26.06**	**40.04**	**26.17**
b) OIL						
i) Onshore	18.70	2.95	3.30	3.00	31.82	3.21
ii) Offshore	-	0.00	0.00	0.00	0.00	0.00
Sub Total (b)	**18.70**	**2.95**	**3.30**	**3.00**	**31.82**	**3.21**
Total (ONGC+OIL)	**148.72**	**28.95**	**29.69**	**29.06**	**39.01**	**29.38**
JVC/Pvt	**20.66**	**4.09**	**3.81**	**4.31**	**40.66**	**3.77**
Total	**169.38**	**33.04**	**33.50**	**33.37**	**39.21**	**33.15**

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Annexure-9.3.3

Petroleum and Natural Gas

Natural Gas Production

(BCM)

Region	Tenth Plan Targets	2002-03 Actual	2003-04 Target	2003-04 Actual #	Achievement during 1st two years Vs 10th Plan (%)	2004-05 Target
	1	2	3	4	5	6
a) ONGC						
i) Onshore	30.71	5.87	6.11	5.78	37.94	5.70
ii) Offshore	81.89	18.37	17.20	17.80	44.17	16.43
Sub Total (a)	**112.10**	**24.24**	**23.31**	**23.58**	**42.66**	**22.13**
b) OIL						
i) Onshore	12.61	1.74	1.96	1.88	28.71	2.06
ii) Offshore	0.00	0.00	0.00	0.00	0.00	0.00
Sub Total (b)	**12.61**	**1.74**	**1.96**	**1.88**	**28.71**	**2.06**
Total (ONGC+OIL)	**124.71**	**25.98**	**25.27**	**25.46**	**41.25**	**24.19**
JVC/Pvt	**52.77**	**5.41**	**6.03**	**6.49**	**22.55**	**6.74**
Total	**177.48**	**31.39**	**31.30**	**31.95**	**35.69**	**30.93**

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Annexure-9.3.4

Petroleum & Natural Gas

Refining Capacity

(in MMT as on 1st April)

Name of the Refinery	2003	2004	2005
1. IOC , Guwahati	1.00	1.00	1.00
2. IOC, Barauni	6.00	6.00	6.00
3. IOC, Gujarat	13.70	13.70	13.70
4. IOC, Haldia	4.60	4.60	4.60
5. IOC, Mathura	8.00	8.00	8.00
6. IOC, Digboi	0.65	0.65	0.65
7. IOC, Panipat	6.00	6.00	12.00
8. BPCL, Mumbai	6.90	6.90	12.00
9. HPCL, Mumbai	5.50	5.50	5.50
10. HPCL, Visakh	7.50	7.50	7.50
11. KRL, Kochi	7.50	7.50	7.50
12. CPCL, Manali	6.50	9.50	9.50
13. CPCL, Narimanam	1.00	1.00	1.00
14. BRPL, Bongaigaon	2.35	2.35	2.35
15. NRL, Numaligarh	3.00	3.00	3.00
16. MRPL, Mangalore	9.69	9.69	9.69
17. ONGC, Tatipaka	0.08	0.08	0.08
18. RPL, Jamnagar	27.00	33.00	33.00
Total	**116.97**	**125.97**	**137.07**

ANNEXURE-9.3.5

LIST OF PROJECTS TO BE REVIEWED

(Rs. Crore)

Sl. No.	Name of Project	Project Cost/ Anticipated Cost	Date of Approval	Commissioning Schedule Original/ Anticipated	Benfits of the Projects	Tenth Plan Outlay	AP (2002-03) Actual . Expendr	AP (2003-04) Expendr/ RE	AP (2004-05) Outlay	Total. Expendr. Anticipated (8+9+10)	% of the Tenth Plan
1	2	3	4	5	6	7	8	9	10	11	12
1	Mumbai High North Re-Development Plan - ONGC	2929.40/2929.40	Dec. 2000	Dec, 05/Dec,05	To enhance oil and gas recovery	1811.59	498.16	- /750.00	290.97	1539.13	85
2	Mumbai High South Re-Development Plan - ONGC	5255.97/5255.97	Oct., 2000	Jul,07/Jul,07	To enhance oil and gas recovery	2803.73	35.41	- / 110.00	850	995.41	35
3	Development of Bassin East	985.17/985.17	Apr., 2003	March 2006/ March 2006	To enhance oil and gas recovery	-	-	-/3.68	189.07	192.75	
4	Mumbai High - Uran Trunk Pipeline	2792.50/2792.50	Dec., 2003	May 2005/ May 2005	To replace the exisiting pipeline for transportation of crude oil from Mumbai High to Uran Terminal	-	-	-/5.00	300	305	
5	HBJ Expansion Ph. I - GAIL	2936.00/ 2936.00	Dec., 2001	Sep,04/ Sep.04	To evacuate LNG from Dahej terminal	2600.75	17.67	1986.78	465.28	2469.73	95
6	Panipat Refinery Expansion by 6 MMTPA - IOC	3365.00/4165.00	-	- / Jan., 05	To partially bridge the deficit of petroleum products in the North	3487.98	215.47	718.87	951.89	1886.23	54
7	9 MMTPA Grass root Refinery in Eastern India - IOC	8270.00/12400.00	-	-/36 months after final approval	To partially bridge the deficit of petroleum products in the East	2680.61	79.97	8.79	19.87	108.63	4
8	9 MMTPA Punjab Refinery & Crude Oil Pipeline Project - HPCL	9806.00/-	Oct., 2000	Dec., 05/ Mar., 07	To partially bridge the deficit of petroleum products in the North	2251.00	4.64	1.33	1.11	7.08	0.3
9	6 MMTPA Central India Refinery Project - BPCL	5277.00/ 6364.00 (Sept.01)	Dec., 1994	Dec., 99/42 months after final approval	To supply petroleum products in the Central India region economically	1215.50	-	2.00	20.00	22.00	1.81
10	Refinery Expansion cum Modernisation Project - CPCL	2360.38/2360.38	July., 2000	July, 2003/ June 2004	The project envisages the upgradation of quality of fuels and expansion by 3 MMTPA	1994.75	882.00	- / 713.59	6.23	1601.82	80.3

Annexure-9.3.6

Petroleum & Natural Gas

Outlays/ Expenditure

(Rs. Crore)

Name ofthe Companies	Tenth Plan Outlay	2002-03 Actual	2003-04 BE	2003-04 Actual #	2004-05 BE
A. Exploration & Production					
1. OVL	13550.00	4968.28	2958.13	2342.20	3602.90
2. ONGC	33418.95	6063.39	10265.12	6851.98	10000.00
3. OIL	5000.00	606.90	1000.00	577.85	975.00
4. GAIL	7500.00	510.80	2727.18	2441.30	3461.00
Sub Total (A)	**59468.95**	**12149.37**	**16950.43**	**12213.33**	**18038.90**
B. Refining & Marketing					
1. IOC	18001.44	1760.60	2450.00	2157.03	2805.00
2. HPCL	7500.00	139.64	750.00	162.41	1098.00
3. BPCL	3998.80	618.80	800.00	931.73	550.00
4. CPCL	2400.00	1010.17	850.00	858.66	209.90
5. KRL	2500.00	7.20	85.00	35.28	212.00
6. BRPL	100.00	6.12	10.00	2.27	14.00
7. IBP	1762.00	113.21	125.00	220.63	158.00
8. NRL	310.00	0.56	60.00	23.90	110.00
9. MRPL	0.00	0.00	0.00	20.75	380.00
Sub Total (B)	**36572.24**	**3656.30**	**5130.00**	**4412.66**	**5536.90**
Total Petroleum	**96041.19**	**15805.67**	**22080.43**	**16625.99**	**23575.80**

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9.4 INFORMATION TECHNOLOGY SECTOR

Information Technology is one of the fastest growing sectors of Indian economy and has tremendous potential for further growth. IT is an area where the country has a competitive edge and can establish global dominance. Advancements in IT have a profound impact on the economy and the quality of human life. The increasing convergence of technologies and content has created tremendous opportunities as well as challenges for the IT industry in India.

Basic Profile of the Sector

- IT has emerged as one of the fastest growing sectors of Indian economy. It has achieved a CAGR of 30% in turn-over and 37% in exports during last five years.
- The production of the Indian electronics and IT industry is estimated at Rs.114650 crore (2003-04). Software and services sector at Rs. 70850 crore accounted for 62% and hardware at Rs.43800 crore accounted for 38% of total production.
- Software and services segment continues to be the main source of growth in the IT sector. It recorded a CGAR of 30% in production and 38% in exports during the last 5 years.
- IT exports have achieved an impressive growth of 37% (CAGR) during the last 5 years. Exports are likely to grow by 19% in dollar terms during 2004-05.
- The IT Enabled Services (ITES) segment is emerging as a key driver of growth for the Indian IT industry. It has recorded a growth of 45% during 2003-04.
- The number of professionals employed in India by IT and ITES sectors is estimated at 8,13,500 (as on 31st March, 2004). This comprises 2,60,000 professionals in the IT software and services export industry; nearly 2,45,500 in ITES-BPO sector; 28, 000 in domestic software market and over 2,80,000 in user organizations.
- About 230 out of the fortune 500 companies have already set up their R&D operations in India. R&D services account for more than 15% of total IT exports from the country. Research and Development in IT is emerging as major source of investment by leading international players.

Tenth Five Year Plan:

Major objectives :

2. The major objectives envisaged for the IT sector in the Tenth Five Year Plan include :

- ➢ 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:

(i) The major areas identified for priority action during 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 and implementing e-governance in the country in a comprehensive manner.

(ii) 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 for the country.

(iii) 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 competitive level both in terms of cost and quality and become global leader at least in some selected fields like software & IT services, bio-informatics, micro-electronics, cyber security and high-end computing. Keeping in view these objectives, the Tenth Plan has underlined the need to develop strategies suited for our interests in the short term, medium term and long term. Under this categorization the gestation period of long, medium and short term R&D Projects have been defined as 10 years, 3-6 years and 1-3 years respectively.

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3. The IT industry has achieved an impressive growth of 23% (CAGR) during the last five years. Despite an overall slow down in the world economy, IT industry maintained a healthy growth of 18.2% during 2003-04. The following table gives the details in this regard :

Table 9.4.1
Production of the IT industry

(Rs. crore)

Item	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
IT Hardware	25,250	28,100	3,700	32,750	37,050	43800
Computer Software	15,890	24,300	37,750	48,134	59,000	70850
Total	*41,140*	*52,450*	*68,450*	*80,124*	*96,950*	*114650*

4. The software and services Industry continued to play a dominant role in the overall growth of Indian industry recording a growth of 18.4%. The production of hardware sector was also quite good at 16.8% though its performance in exports was less impressive at 7%. The following table gives the details of production and exports in the IT sector during 2003-04 :

Table 9.4.2

Production and Exports (2003-04)

(Rs. crore)

Item	Production		Exports	
	Total value	Growth	Total value	Growth
Hardware	43,800	16.8%	6,000	7%
Software & Services	70,850	18.4%	55,500	20.4%
Total - IT & Electronics	114,650	18.2%	61,500	19%

5. The Department of Information Technology (DIT) is acting as the nodal agency for the promotion of the sector, facilitating and coordinating the various initiatives of the central, state governments and the private sector. For implementing the various activities and programmes, an outlay of Rs.577.45 crore with a Gross Budgetary Support (GBS) of Rs.470.00 crore was approved for the Department for Annual Plan 2003-04. Against this, the actual utilization is estimated to be Rs. 494.63 crore of GBS. The details are given in the Annexure -9.4.1.

E-Governance :

6. The earlier Govt. had approved National Action Plan on E-Governance with an outlay of Rs. 2550.00 crore for the period 2003-05. The break up is as follows : -

	(Rs. Crore)
DIT & DAR & PG	685
GOI Deptt.s	800
Financial instn.	800
State Govt.	265

Total	2550

The plan envisaged formulation of certain core policies and strategies to ensure a coordinated approach, creation of core infrastructure required for the long term growth of e-government services and implementation of a number of mission mode projects to bring about a citizen centric and business centric environment within the Govt. It had identified 22 mission mode projects had been identified to be taken up on a priority basis by the concerned line Ministries/Departments. The mission mode projects have been classified under center, states and integrated services. The Central sector includes departments like Income Tax, Company Affairs, National Citizen Data Base project of Ministry of Home, pensions, banking etc. Under State sector, land records, transport, property registration, agriculture, municipalities, gram panchayats, etc. have been identified. Integrated services would include e-commerce, e-biz, India portal, etc.

7. As regards progress made so far, the Center for E-Governance in the Department of IT has developed a web based database of e-governance initiatives implemented/under implementation by various agencies in the country. The database has details of 842 projects. During the year, following major projects have been initiated :

i) An UNDP funded US$ 5 million country programme for ICT development in India has been approved for a four year period i.e. 2003-07.

ii) A draft policy on setting up of State Wide Area Networks (SWANs) has been finalized.

iii) During the year, DIT has also sanctioned Land Registration Projects in the states of Assam and Tripura.

iv) A project on Comprehensive E-Governance solutions in the transport sector for 7 NE states has been approved.

v) A project on rural area development monitoring and information system has been initiated for implementation at Madurai, Kamaraj University. The objective is to create GIS data base in 1:5,000 scale in various themes like road, rail, water body, bridge etc.

vi) E-governance projects assessment activity has been initiated. The assessment framework has already been consolidated jointly by IIM, Ahmedabad and National Institute of Smart Govt. (NISG),Hyderabad.

vii) A draft report on e-readiness assessment 2004 for states has been prepared.

viii) Project viz. State Information Infrastructure 'Diamond' for the state of Kerala has been sanctioned. The objective of the project is to set up network centers in cities of Kerala.

Community Information Centres(CICs)

8. In the CICs already operational in the North East, several citizen centric services or e-governance service were implemented. Some of them are E-Suvidha, a one-stop service facilitation center for issue of certificates, forms etc. by the govt. to citizens; rural soft-monitoring of govt. schemes for the common man; Hospital Appointment Booking system for booking appointments for medical tests or consultations with specialists at the govt. hospitals in state capitals for people living in the remote areas around CICs. All the CICs set up in North Eastern States played a major role in the counting process of Lok Sabha elections 2004.

9. Based on the experience of the CICs in NE States, it has been decided to set up 139 CICs in all the block HQs of J&K. In the first phase of the scheme ,60 CICs will be made operational by October 2004. The remaining 79 CICs will be covered in the second phase to be completed by October 2005. CICs offer E-mail, internet access and training to local people.

Media Lab Asia (MLA) :

10. The Cabinet had approved the full scope programme of restructured Media Lab Asia(MLA) in June 2003 for a period of nine years. The requirement of funds for the project in remaining period for the Tenth Plan is projected at Rs.262.00 crore. The Govt. of India is envisaged to provide a budgetary support of Rs.227.00 crore for the programme. The balance would come from other sources. A Steering Committee has been formed under the Chairmanship of Minister of Communication and Information Technology. Technical Advisory Board has been constituted under the Chairmanship of Principal Scientific Advisor to PM. The Technical Advisory Board (TAB) identified education, health, livelihood, and empowerment of physically and mentally challenged persons as priority areas. All the ongoing projects have been reviewed.

11. One of the achievements of the projects taken up under MLA has been development of "GRAMCHITRA". This has been developed by Center for Spatial Data Management Systems (CSDMS), Noida and MLA. This is an open source GIS for mapping of village level information. The system can be easily mounted on a hand held gadget. As villager walks around the village, the map is generated automatically.

12. During the year, new projects have been initiated at IIIT - Hyderabad, Centre for Development of Advanced Computing (C-DAC) - Pune, and Webel Medielectronics Ltd. (WML) - Kolkata. Based on the success of these projects, some of these could emerge as project clusters. Discussions with other institutes have also been initiated. Test deployment of (AQUA) has been taken up in Maharashtra, and Digital Mandi in Kanpur, UP.

Center for Development of Advanced Computing (C-DAC): -

13. As an outcome of the R&D effort in the High Performance Computing (HPC) area in the last few years C-DAC has delivered the PARAM PADMA system, an HPC system having a peak computing power of one teraflop. On 23rd June, 2003 PARAM PADMA was ranked the 171 fastest super computer in the world. The major projects taken up by C-DAC during 2003-04 included the following :

i) Work on design and development of next generation PARAM net which will have 5 Gbps bandwidth has been started.

ii) The Bio-informatics Resources and Applications Facility has been started at C-DAC, Bangalore.

iii) Under power electronics, the development of intelligent battery management and change control system for unattended solar photovoltaic installations has been completed and field trial were taken up.

iv) Preliminary design has been completed for the project "Development of MEMS based seismic sensor". The prototype development was in progress.

v) Preliminary design has been completed for the project "Development of Power Assisted Bicycle".

vi) Under Cyber Security, Indian Computer Emergency Response Team (CERT) has been set up at Delhi with a mirror location at Bangalore.

vii) The implementation of the project, "Adaptive Intrusion Detection Analysis and Response System" has been completed and it was put under test at Educational Research Network (ERNET) sites.

viii) Setting up of "Resource Centre for Computer Forensics" at C-DAC, Thiruvananthapuram was completed. The center continued to develop forensic tools and offer training to law enforcement agencies on the associated tools and technologies.

ix) Under multilingual computing vedic content creation work for the "SANSK-NET" project, funded by MHRD, was initiated. In this area, 16 projects had been taken up and most of them have been completed.

x) Under Medical Informatics the project, "Development of Telemedicine Technology and its Implementation" was extended with enhanced scope to include additional three medical colleges at Shimla,Cuttack, and Rohtak in the originally planned and implemented telemedicine network. The progress of the project was unsatisfactory due to shortage of manpower.

Software Technology Parks of India (STPI) :

14. The STPI is serving software export industry countrywide with over 30 Software Technology Parks equipped with high speed data communication. During the year, STPI has designed and developed state of the art HSDC network, called softNET, which is available to software exporters at internationally competitive prices. STP scheme which is a100% export oriented schemes has attracted many entrepreneurs in the area of software and services. More than 7000 units have been registered under STPI. Out of these, 4283 units were operational and 3520 units were exporting.

Member units of STPI have exported software of over Rs. 37,176 crore (US$ 7,745 million) during the year 2002-03, which represents nearly 80% of the national software exports.

Society for Applied Microwave Electronics Engineering and Research (SAMEER) :

15. During the year, SAMEER completed 14 projects. Work in respect of another 9 projects was initiated / continued during 2003-04. The major projects completed during 2003-04 included the following :

- A 15 MeV linear accelerator system for the user agency was installed and commissioned successfully. The trials have been successfully conducted.
- A medical linac machine has been installed at Govt. Medical College and Hospital, Chandigarh and will be commissioned shortly for cancer therapy.
- A VHF CW high power amplifier was integrated, installed and commissioned at the site in Kolkata successfully.
- The high power transmitter for Doppler Weather Radar (DWR) was re-installed at Sriharikota (SHAR) and integrated with the radar and is operational.
- An airborne receiver based on Code Division Multiplex Access (CDMA) technology was designed and developed and delivered to the user agency.
- Under the CE marking project for establishment of Electromagnetic Compatiblity (EMC) facilities at Mumbai and Kolkata centers and augmentation at Chennai center, all the EMC test instrumentation set ups have been installed.
- Under Jai Vigyan programme, the first medical linac machine-an integrated oncology system using 6 MV linac - has been developed. The machine was being shifted to Mahatama Gandhi Hospital at Wardha for installation and commissioning.

E-Commerce and Information Security :-

16. The major projects undertaken in this area during 2003-04 included the following :

- Design and development of transparent solution for securing networks and systems at C-DAC.
- Development of isolating tools for steganographic images at ER&DC, Kolkata.
- Multi-purpose multi model bio-metric systems for human identification at IIT, Kanpur.
- Adaptive intrusion detection analysis and response systems at C-DAC.
- Security framework for embedded devices and systems at BEL.

National Informatics Centre (NIC) :

17. NIC is providing e-governance support and network backbone to the Central, State Govts., district administrations and other govt. bodies in the country. During the Tenth Five Year Plan, NIC has been strengthening and augmenting the NICNET to provide the state-of-the-art World Class National Information Infrastructure for e-governance in the country. The major projects implemented during the year included the following :

i) Installation of Server Param Padma was completed with Image Processing software. Further work in progress.

ii) Pilot projects initiated in the following sectors :
- total sanitation status,
- dairy development, poultry, threatened breeds etc.

iii) A number of new websites/portals launched. Oracle enterprise, server commissioned.
iv) The internet bandwidth has been upgraded. The optical link has been hired from Power Grid Corporation of India Ltd. (PGCIL) and upgraded from 10 mbps to 34 mbps duplex.
v) The bandwidth for outgoing traffic as well as incoming traffic has been enhanced to 138 mbps.

Telemedicine :

18. For telemedicine and tele-education facilities in the state of Kerala, site visits have been made to Kollam and Neyyatinkara. Also three referral sites have been visited. Most of the equipment specifications have been finalized. The Oncology centers at Kollam, Kozhancherry and Ernakulam were ready for the VSAT equipment installation. The video conferencing equipment for the above centers have been arranged. Besides, design and development of Human Resource Portal for Deptt. of Health and Family Welfare, Govt. of Kerala implemented by C-DAC Trivandrum.

Annual Plan 2004--05

19. An outlay of Rs.889.27 crore with a gross budgetary support (GBS) of Rs.750.00 crore has been approved for Annual Plan for various schemes of Department of Information Technology. This includes generation of internal resources (IR) of Rs.101.20 crore and Extra Budgetary Resources (EBR) of Rs.38.15 crore. A list of Plan schemes of the DIT indicating approved outlay for Annual Plan 2004-05 is given in the Annexure 9.4. Some of the major programmes of the Department for the Annual Plan 2004-05 include the following :

E-Governance:

20. E-governance has been identified as a thrust area during the Tenth Plan. The various programmes aiming at improving quality of services and making the government and public utility service delivery mechanism more efficient, transparent and people friendly are envisaged to be further strengthened. State Wide Area Networks(SWANs) are envisaged to be set up under the aegis of the Department of Information Technology. To meet the large storage requirements, State Data Centres are also envisaged to be set up with terabyte storage capacities. National Institute of Smart Government (NISG) which has been established as Section 25 Company at Hyderabad would undertake citizen centric projects in co-ordination with private and agencies and NGOs.

Mass Awareness Programme

21. A new scheme viz. Mass Awareness Programme is envisaged to be implemented under the broad programme of "Information Security, Education and Awareness Programme". The objectives of the programme are five-fold :

(i) Introduction of Information Security Curriculum and PhD. Programme.
(ii) Train System Administrator
(iii) Train Exectutives / Officers of Central and State Govts.
(iv) Mass Awareness Campaign
(v) Collaborative HRD

National Informatics Centre (NIC)

22. Besides the other ongoing schemes, NIC is envisaged to implement two new projects on behalf of the Commission. These are (i) Spatial Data Infrastructure for Multi-layered Geographical Information System (GIS) for Planning & (ii) Computer Aided Digital Mapping Project for Six Cities. An outlay of Rs.39.00 crore has been provided in the plan budget of the Commission for the year 2004-05. Another new initiative includes restructuring of the Local Area Network (LAN) of the various units of NIC in Delhi to suit the needs of cyber security.

Nano-technology Development Program (NMC)

23. Nano-technology is one of the new and emerging areas of research the world over. The Department of Information Technology envisages to set up two interdisciplinary Nanotechnology Centres at Indian Institute of Technology, Mumbai and Indian Institute of Science, Bangalore to conduct research in nanotechnology and MEMS devices and prototype systems.

IT Act/Certification and Network Security

24. The various interoperability issues concerning certificates issued by different Certifying Authorities are planned to be addressed during the year. Review of PKI standards would be carried out in light of new international developments and technologies. Projects on digital signatures for e-commerce and e-governance applications are envisaged to be undertaken.

25. Planning Commission has accorded 'in-principle' approval to the project. The project is envisaged to be implemented over a period for five years with a cost of Rs.99.19 crore. A major part of the outlay would be incurred on setting up of resource centers at IITs, C-DAC etc. and providing assistance to some 50 participating institutes.

Centre for Development of Advanced Computing(C-DAC):

26. During the Annual Plan 2004-05, C-DAC would be working on 60 projects in all. As per the plans drawn up by C-DAC, a number of new initiatives are envisaged to be undertaken besides continuing the work on the projects under implementation. The major projects envisaged for the Annual Plan 2004-05 include :

- A revised proposal for the proof of concept phase of National Grid Computing has been approved. This would be implemented across 17 R&D locations of the country.
- Machine translation system in agriculture & banking sector would be taken up.
- Integration of Optical Recognition System for selected Indian languages would be attempted.
- Design and analysis of crypt analysis algorithms and tools for cyber security using PARAM PADMA.
- Ultra wide band technology for digital broadband.
- Conceptualization of National Spatial Data Infrastructure(NSDI) and National Terrain Information system under Geomatics.
- End to end solutions for transport information system for passenger & goods transport under ICT for addressing digital divide.
- Development of metadata description tools for multimedia databases.

SAMEER

27. Besides others, the major projects envisaged to be taken up include the development of two 6 MV Medical Linac machines under the Jai Vigyan series. Subsequently 4 medical linac machines are to be developed and commissioned in hospitals.

Smart Cards

28. Department of Information Technology has developed draft specifications for Smart Cards for transport applications in collaboration with NIC, Industry, IIT, Kanpur and Ministry of Road Transport. This is expected to be made operational during the year for large scale roll out.

Media Lab Asia

29. Focus of MLA would be to take up mass application projects and make available low cost bandwidth. Large scale applications of ICT in Education,Health and tools for under privileged groups would be the main thrust. Twenty five projects are envisaged to be initiated at various Indian Institutes of Technology (IITs) and the Indian Institutes of Information Technology (IIITs).

Semiconductor Complex Ltd.:

30. The Department plans to continue working to explore the possibilities of formulating a possible revival package for this ailing PSU. The policy options include discussions with international players to work out a strategic alliance. The Department and the Company also plan to explore the possibility of obtaining orders of smart cards for the National ID pogramme of Ministry of Home Affairs. As an other policy option, the Department plans to discuss the issue of strategic sectors like Defence becoming stake holders in the Company.

Monitorable Targets for the Annual Plan 2004-05:

- Spatial Data Infrastructure for Multi-layered Geographical Information System (GIS) for Planning.
- Computer Aided Digital Mapping Project for Six Cities.
- Completion of exploratory phase of the Media Lab Asia project.
- Finalization of a comprehensive action plan for implementing e-governance in the country including its financing pattern.
- Setting up of State Wide Area Networks (SWANs).
- Finalization of hardware policy and getting approval of Govt. for the policy.
- To augment the existing infrastructure of National Informatics Centre (NIC), Software Technology Parks, Education & Research Network (ERNET), Standardization Testing & Quality Control (STQC).

Major Policy Initiatives / Issues

31. The major thrust areas and the policy initiatives envisaged for the Annual Plan 2004-05 include:

- To formulate the broad framework and work out the road-map for implementing a national programme on e-governance in an accelerated manner as laid out in the National Common Minimum Programme (NCMP).
- Approval of timely implementation of Spatial Data Infrastructure for Multi-layered Geographical Information System (GIS) for Planning
- Approval and timely implementation of Computer Aided Digital Mapping Project for Six Cities.
- Formulate and get approval of Govt. on National Hardware Development Policy during 2004--05 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.
- 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.
- 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 Council for Scientific and Industrial Research (CSIR) and Indian Institutes of Technology (IITs).
- Enforcement of the IT Act to deal with cyber crimes and training law enforcing agencies to handle such crimes.

Annexure 9.4.1

Annual Plan 2004-05 : Department of Information Technology(DIT) :

(Rs. Crore)

	SCHEME NUMBER / NAME	Plan (2003-04)			Finalised AP2004-05				
		Approved							
	I. R&D PROGRAMMES	**Outlay**	**Actuals** (GBS)	**Outlay**	**IR**	**EBR**	**Gross**	**ExtBS**	**Net BS**
1	SAMEER	23.00	14.70	33.00	15.00		18.00		18.00
2	Industrial Electronics Promotion Prog.	2.50	2.17	2.50			2.50		2.50
3	Microelctronics &Nano-Tech Dev Prog	3.00	3.75	4.00			4.00		4.00
4	Technology Development Council	6.00	6.89	5.00			5.00		5.00
5	Dev. of Strategic Electronic Eqpt.	3.00	3.44	3.00			3.00		3.00
6	Electronic Component & Materials	7.50	5.58	7.80	0.65	1.65	5.50		5.50
7	C-DAC	70.50	26.35	86.70	20.20	26.50	40.00		40.00
8	Photonics/Optoelectronics	3.00	3.00	3.00			3.00		3.00
9	ERDCs	Mgd with C-DAC							
10	Electronics in Health and Bio-Informatics	6.00	6.00	6.00			6.00		6.00
11	Technology Dev. for Indian Languages	6.00	6.40	7.00			7.00		7.00
12	Development of CG Industry	0.50	0.22						
13	Transport & Power Electronics	3.50	3.50	3.50			3.50		3.50
14	Centre for Liquid Crystal Research	Trsfrd to DST							
15	IPR Promotion Programme	1.00	1.00	1.00			1.00		1.00
16	e-Commerce & Info-Security	10.00	10.04	8.00			8.00		8.00
17	Promotion/R&D in IT/Special IT Projects	16.00	8.88	7.00			7.00		7.00
18	IT for Masses (incl Citizen Portals)	16.00	9.89	11.00			11.00		11.00
19	Media Lab. In Asia	0.10	0.00	75.00		10.00	65.00		65.00
	R&D Sub-Total	**177.60**	**101.77**	**263.50**	**35.85**	**38.15**	**189.50**		**189.50**
	II. INFRASTRUCTURE DEVELOPMENT								
20	ERNET	6.00	8.00	28.20	28.00		0.20		0.20
21	Vidya Vahini' & 'Gyan Vahini' Prog.	5.00	5.00	1.00			1.00		1.00
22	STQC	33.50	30.80	33.50			33.50	0.50	33.00
23	STPI & EHTP	31.00	6.00	6.00			6.00		6.00
24	Digital DNA Park	3.50	0.00	5.00			5.00		5.00
25	IT Venture Capital	5.00	0.00				0.00		
26	Electronic Governance	40.50	40.00	215.00			215.00	5.00	210.00
27	IT Bill / Certification & Network Security	6.00	5.00	4.00			4.00		4.00
28	SemiconductorLayoutDesign Act-2000	0.50	0.25	0.50			0.50		0.50
29	Community Information Centres (CIC)	25.00	67.78	30.00			30.00		30.00
	Setting up of Megafab			1.00			1.00		1.00
	Infrastructure Sub-Total	**156.00**	**162.83**	**324.20**	**28.00**		**296.20**	**5.50**	**290.70**
	III. HUMAN RESOURCE DEVELOPMENT								
	DOEACC	20.00	5.00	39.78	34.78		5.00		5.00
30	CEDT	Mgd. With DOEACC							
31	NCST	Mgd. With C-DAC							

Annexure 9.4.1 (Contd.)

Annual Plan 2004-05 : Department of Information Technology(DIT) :

(Rs. Crore)

	SCHEME NUMBER / NAME	Plan (2003-04)			Finalised AP2004-05				
		Approved							
	I. R&D PROGRAMMES	**Outlay**	**Actuals** (GBS)	**Outlay**	**IR**	**EBR**	**Gross**	**ExtBS**	**Net BS**
32	Software Manpower Dev./Emp. Gen.	5.00	7.50	10.00			10.00		10.00
33	Special Manpower for ASIC Design	3.50	0.37	10.00			10.00		10.00
34	**HRD Sub-Total**	**28.50**	**12.87**	**59.78**	**34.78**		**25.00**		**25.00**
35	IV. MISCELLANEOUS								
36	Headquarter (Secretariat & Bldg.)	10.50	10.17	10.50			10.50		10.50
37	El. for Rural/Social /Agri/Water Sector	1.00	1.25	0.20			0.20		0.20
38	Tech. Information and Forecasting	Weeded out							
39	Electronics Industry Information Prog.	0.20	0.04	0.10			0.10		0.10
40	Policy Formulation in IT sector	0.50	0.00						
	Miscellaneous Total	**12.20**	**21.50**	**10.80**			**10.80**		**10.80**
	SUB-Total (I to V)	**374.30**	**298.97**	**658.28**	**98.63**	**38.15**	**521.50**	**5.50**	**516.00**
	V. PSUs								
41	Semiconductor Complex Ltd.	10.50	0.00	10.05	0.05		10.00		10.00
42	**VI. NIC**	**181.70**	**185.70**	**210.00**			**210.00**		**210.00**
43	**VII. ESC & Export Promotion**	**10.95**	**9.96**	**10.94**	**2.44**		**8.50**		**8.50**
	Grand Total	**577.45**	**494.63**	**889.27**	**101.12**	**38.15**	**750.00**	**5.50**	**744.50**
		**							

Out of Rs.40 Cr. for C-DAC;Rs.15 Cr. for I-Grid Programme.

NE;
CIC- 25 Cr.
NIC 18Cr
STQC 3 Cr.
E-Gov-22 Cr.
Others 7Cr.
Total——75 Cr.

9.5 BIOTECHNOLOGY

The Department of Biotechnology (DBT) has an ongoing Central Sector Scheme under the industry sector titled `Setting up of Biotechnology Incubators, Pilot Level Facilities and Biotech Parks'. The objective of the scheme is to help Indian entrepreneurs gain competitive advantage in the light of increased liberalization and integration with global economy and the Agreement on Trade Related Intellectual Property Rights (TRIPs) of the World Trade organization (WTO). It is estimated that investment in biotech industry in India is about Rs. 55000 crore with about 800 companies dealing with biotech products. Many State Governments like Karnataka, Gujarat, Andhra Pradesh, Maharashtra, U.P. Kerala, Himachal Pradesh etc. are showing keen interest in establishing Biotech Parks/ Incubators and Pilot plant facilities. States like Karnataka, Himachal etc. have set up separate Departments/ Boards for framing detailed plans and/ or announced Biotech Policies. In order to give these plans and programmes a final shape of implementation, the State Government are seeking technical advice as well as financial assistance from DBT. An Expert Committee constituted in the DBT would examine the proposals for devising modalities of giving support for implementation.

In so far as ongoing scheme is concerned, DBT is in the process of implementing two projects i.e. Setting up of Biotechnology Park at Lucknow and establishment of Biotechnology Incubator Center (BTIC) at Shapoorji Palonji Biotech Park at Hyderabad. The latter is being implemented by Indian Institute of Chemical Technology (IICT) with shared funding from the State Government. Out of the 10th Plan approved outlay of Rs. 30 crore on this scheme an amount of Rs. 15 crore was approved as BE for Annual Plan 2003-04, against which, actual expenditure incurred was Rs.12 crore. An amount of Rs. 10 crore has been provided for the year 2004-05 so as to continue implementation of the two ongoing projects.

9.6 TOURISM

Foreign tourist arrivals in the country suffered a set back during 2001 and 2002 due to various factors like the incident at the World Trade Center on September 11, 2001, outbreak of SARS and subsequent disturbances in the sub-continent. The revival trend, which started from October 2002, indicated positive growth in foreign tourist arrivals from 2.38 million in 2002 to 2.75 million in 2003 registering an increase of 15.3%. Foreign exchange earnings through tourism significantly increased from US$ 2923 million to US$ 3533 million for 2003 during the same period. During 2002 India's share in international tourist arrivals stood at 0.34% with the share of international tourism receipts at 0.62%. The approach in the Tenth Plan aims to stimulate investment and encourage the State Governments to develop unique tourism products suited to their States. It also aims to enhance the employment potential within the tourism sector as well as to foster economic integration through developing linkages with other sectors. The Central Plan Outlay for the tourism sector for the 10th Plan has been increased to Rs.2900 crore as compared to Rs 595 crore in the 9th Plan. In addition to the Budget of the Ministry of Tourism there will be a huge investment on road transport, rail transport and air transport connecting various places in the country. With the huge public investment and commensurate investment from the private sector and the implementation of the new tourism policy, it is expected that international and domestic tourism will get a boost. In order to achieve the Plan objectives the annual budgetary plan allocation for the Ministry of Tourism has been on the increase. From Rs 250.00 crore in BE 2002-03, the allocation has been increased to Rs 350.00 crore for BE 2003-04 and to Rs 500.00 crore for BE 2004-05.

Review of Annual Plan 2003-04

2. For the year 2003-04 the outlay for Ministry of Tourism was Rs 350 crore. The scheme of integrated development of destinations/ infrastructure received highest allocation followed by the scheme of development of tourist circuits. The plan funds were fully utilized under various schemes. The Department of Tourism adopted a multi-pronged approach through the Plan schemes to achieve desired growth in tourism sector. Providing a congenial atmosphere for tourism development, strengthening the tourism infrastructure, integrated development of identified destinations, integrating elements of tourism, culture and clean civic life, marketing of tourism products in a focused manner along with branding exercise and positioning of India as a high value destination, and giving thrust on the human resource development activities have been the highlights of this strategy. In addition the Government announced the following measures to boost the tourism industry; (i) Expenditure Tax on Hotels removed, (ii) Service Tax on conference/ banquets in hotels exempted if substantial meal is served, (iii) Infrastructure Status for tourism Industry under section 10 (23) of the Income tax Act, (iv) Customs duty on liquor reduced and (v) Restoration of Leave Travel Concession facility. Scheme wise allocation of funds and actual expenditure for 2003-04 is given in Annexure-I. Scheme-wise releases of Central Share under Centrally Sponsored Schemes to the States for 2003-04 are at Annexure 9.6.2.

Annual Plan 2004-05

3. The Central Sector outlay for Tourism in the annual Plan 2004-05 is Rs 500.00 crore. All the schemes envisaged in the Tenth Plan for tourism sector continue in the third year of the Plan. Special schemes under the J&K package have also been included in the Annual Plan 2004-05. A new scheme for Tourism Infrastructure Development Fund has also been incorporated in the Plan. Salient features of the Schemes are given in the following paragraphs. Details of the scheme wise outlay for Annual plan 2004-05 are given Annexure-9.6.1.

I. Integrated Development of Tourist Circuits

4. The objectives of the scheme are to identify six tourism circuits in the country on annual basis (one in each zone) and develop them to international standards. The Scheme envisages convergence of resources and expertise through coordinated action with other Departments, the States and Private Sector. During 2002-03, 17 circuits have been taken up involving a sanction of Rs 96.83 crore. For 2004-05, the outlay for the scheme is Rs 85.00 crore.

II. Product / Infrastructure and Destination Development

5. Focus of this scheme is on improving existing products and developing new tourism products of world-class standards. Assistance is provided under the scheme for areas such as, construction of budget accommodation, tourist complexes, wayside amenities, tourist reception center, refurbishment of monuments, special tourist projects, adventure sports facilities, sound and lights shows and illumination. New emerging areas such as rural tourism, heritage tourism, eco-tourism, health tourism, wild life tourism also get priority under this Scheme. The concept of rural tourism is to show case rural life, art, culture and heritage at rural locations, which have core-competency in terms of craft/handloom/textiles, etc. During 2003-04 development work was taken up at 41 destinations as against 12 destinations in 2002-03. An outlay of Rs 140.00 crore is provided for 2004-05 for the scheme.

III. Assistance to Institutes of Hotel Management (Human resource Development)

6. The need for imparting training in catering technology and applied nutrition was felt since long to sustain the hospitality sector. With modernization and expansion of the country's hospitality industry, hotel management and catering education programmes gained popularity and the profile of students undergoing education also underwent a perceptible transformation At present, there are 24 institutes of Hotel Management and 6 Food Craft Institutes that follow the curriculum of the National Council for Hotel Management and Catering technology (NCHMCT). The intake of these Institutes in 2003 stood at 2760. For setting up new Institutes and expansion of existing ones, assistance to the States was extended and expenditure to the tune of Rs 5.50 crore in 2002-03 and Rs 17.50 crore in 2003-04 has been incurred under the scheme. Budgetary provision for annual plan 2004-05 is Rs 25.00 crore.

IV. Capacity Building for Service Providers

7. There is a need for imparting training to the persons directly connected with tourists, such as persons working in the roadside eating joints, dhabas, ticketing & travel agencies and officials like police personnel, Airport staff directly connected with tourists. Keeping this in view, a new scheme titled "Capacity Building for Service Providers" (CBSP), involving short-term courses ranging from 1 to 5 days, has been launched in the 10th Plan. A provision of Rs 24.00 crore is provided in the Tenth Plan and budgetary provision for 2004-05 is Rs 3.00 crore.

V. Assistance for Large Revenue Generating Projects

8. Assistance for large revenue generating projects, such as tourist trains, cruise vessels, cruise terminals, convention centers, golf courses, are provided under this scheme. Projects sanctioned during 2003-04 include Karnataka Luxury Train (Karnataka), Erection of ropeway at Ooty (Tamil Nadu), Erection of passenger ropeway at Kodaikanal (Tamil Nadu), Development of

Bannerghatta Biological Park near Banagalore (Karnataka), Development of Marina at Bolghatty Island, Kochi (Kerala) and Convention Centre at Surajkund (Haryana). An outlay of Rs 98.00 crore is provided in the Tenth Plan for the scheme and an amount of Rs 42 crore has been sanctioned for the first three years of the Plan.

VI. Publicity and Marketing: (International & Domestic)

9. The Department of Tourism has taken many measures to communicate and offer India as a major attraction for tourists. India offers a rich heritage, history, exotic vegetation, flora & fauna, traditions, folk arts, traditional system of medicine, and religious diversity etc. An expression "Incredible India" was coined and used as a brand for the country as a tourist destination, which aims to convey information on all aspects to potential tourists. A campaign, titled' Incredible India' was started from the end of 2002 through communication media, international press, international TV and Internet. The media coverage in India also has gone up in recent years. An outlay of Rs 500.00 crore is provided for this scheme in the Tenth Plan and for the current year, 2004-05, the allocation is Rs 90.00 crore. As a part of tourism promotion in the country, leaflets on destinations, on heritage sites, leaflet on North-Eastern Sector have been brought out. In addition, maps of major cities, films on specific topics, posters and collaterals were brought-out. Keeping in tune with the changes in technology, CDs were also made on tourism prospects in the country. The efforts made by the State tourism Departments/ Corporations are also supplemented. An outlay of Rs 230.00 crore is provided in the Tenth Plan for the scheme and allocation for 2004-05 is Rs 14.00 crore.

VII. Incentives to Accommodation Infrastructure

10. Assistance in the form of interest subsidy is extended through the financial agencies towards loans taken to construct one to three Star category/ Heritage hotels. A provision of Rs 45.00 crore is available in the Tenth Plan and an allocation of Rs 10.00 crore is provided for 2004-05.

VIII. Computerization and Information Technology

11. Information technology is being progressively used as a tool for tourism promotion in the country and abroad. This scheme supports such activities including giving assistance to use IT in promotion and facilitation of tourism. Provision has been made in the Tenth Plan to the extent of Rs 100.00 crore and allocation for 2004-05 is Rs 17.00 crore for the scheme.

IX. Market research

12. Lack of information about various aspects of tourism is one of the major reasons for the sector not getting its due importance in the national development plans. The Market Research Division of the Ministry of Tourism provides necessary input to the planning process. For market research and support for planning process which includes compilation of statistics and commission research studies, a provision of Rs 20.00 crore has been made in the Tenth Plan and an outlay of is Rs 3.00 crore has been provided in 2004-05.

X. Externally Aided Projects

13. Tourism infrastructure development projects are taken up under this scheme with external assistance. The Japan Bank of International Cooperation has agreed to provide loan assistance of Rs 300.00 crore over a period of five years for Ajanta-Ellora development Projects Phase-II. The

Ministry of Tourism provides consultancy fees for such projects. A Provision of Rs 50.00 crore is made in the Tenth Plan and allocation for 2004-05 is Rs 10.00 crore.

XI. Revival of tourism in Jammu and Kashmir

14. As a part of the revival of tourism efforts in J&K, a tourism package has been introduced to tourist service providers. The package consists of soft loans to houseboat owners, hotel owners, shikara owners and pony owners. An amount of Rs 23.65 crore is targeted to be spent on this scheme during the Tenth Plan. An amount of Rs.7.00 crore was sanctioned for the year 2003-04. For 2004-05, Rs.9.00 crore is provided in the Annual Plan. Funds to the tune of Rs.6.00 crore have been provided for construction of building of Indian Institute of Skiing & Mountaineering (IISM), Gulmarg, in the Annual Plan 2004-05. An estimate amounting to Rs 8.58 crore for completing the balance work has been approved.

North Eastern Region

15. The Development of tourism infrastructure in the North Eastern Region has been given a boost in the Tenth Plan by earmarking 10 per cent of total allocation to explore the immense tourism potential in the region. The NE region comprises the States of Arunachal Pradesh, Assam, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim. . Under the scheme of Integrated Development of Tourism Circuits, one circuit has been selected for development of the region viz: North-East Circuit (Eco Tourism Circuit) Shillong - Guwahati - Kaziranga - Tezpur -Bhalukpung - Tawang - Majuli - Sibsagar- Kohima. A total of fourteen developmental works have been sanctioned under the scheme and the work in progress.

Annexure-9.6.1

Approved Annual Plan Outlay (2003-04 & 2004-05)

(Rs in crore)

S.No.	Name of the Scheme	Annual Plan (2003-04) Budget Estimates	Approved RE 2003-04	Annual Plan (2004-05) Budget Estimates
I	**CENTRAL SECTOR SCHEMES (CS)**			
1.1	Externally Aided Projects	5.00	5.00	10.00
1.2	Assistance to IHMs/FCIs/IITTM/NIWS/NIAS/ NCHMCT	17.50	17.50	25.00
1.3	Capacity Building for Service Providers	2.00	2.00	3.00
1.4	Overseas Promotion & Publicity including Market Development Assistance	56.00	56.00	90.00
1.5	Domestic Promotion and Publicity including Hospitality	12.00	12.00	14.00
1.6	Incentive to Accommodation Infrastructure	10.00	10.00	10.00
1.7	Construction of Building for IISM at Gulmarg, Kashmir	-	0.50	6.00
1.8	**Total – CS Schemes (1.1 – 1.7)**	**102.50**	**103.00**	**158.00**
II	**CENTRALLY SPONSORED SCHEMES (CSS)**			
2.1	Computerization and Information Technology	9.00	9.00	17.00
2.2	Market Research including 20 years' Perspective Plan	3.00	3.00	3.00
2.3	Integrated Development of Tourist Circuits	60.00	77.50	85.00
2.4	Product/Infrastructure and Destination Development	100.00	100.00	140.00
2.5	Assistance for Large Revenue Generating Projects	18.00	18.00	18.00
2.6	Revival of Tourism in J&K	**-**	**7.00**	**9.00**
2.7	Tourism Infrastructure Development Funds	**-**	**-**	**20.00***
2.8	**Total – CSS Scheme (2.1 – 27)**	**190.00**	**214.50**	**292.00**
2.9	**Total CS & CSS Schemes (1.8 +2.8)**	**292.50**	**317.50**	**450.00**
III	**10% lump sum provision for North East Region & Sikkim**			
	- Capital	22.50	22.50	35.00
	- Revenue	10.00	10.00	15.00
3.1	**Total – North East Region & Sikkim**	**32.50**	**32.50**	**50.00**
3.2	**GRAND TOTAL (2.9 + 3.1)**	**325.00**	**350.00**	**500.00**

*** Scheme announced in 2003-04**

Annexure-9.6.2

Details of scheme wise releases of Central share under CSS by the Ministry of Tourism during the year 2003-04

(Rs Lakhs)

State	Scheme					
	Computerization and Information Technology	Market Research including 20 years perspective planning	Integrated development of Tourist Circuits	Product/ Infrastructure Destination Development	Assistance to Large Revenue generating Projects	Revival of Tourism in J&K
Andhra Pradesh	41.45	-	800.00	171.08	-	-
Assam	-	-	-	-	-	-
Arunachal Pradesh	-	`-	-	-		-
Bihar	-	-	856.00	71.26	-	-
Chattisgarh	-	-	250.00	272.15	-	-
Goa	-	-	-	36.46	-	-
Gujarat	-	-	144.00	667.12	-	-
Haryana	22.91	12.00	553.78	1282.07	-	-
Himachal Pradesh	-	-	20.20	172.74	-	-
J&K	-	-	835.00	29.76	-	7.00
Jharkand	-	-	-	29.05	-	-
Karnataka	32.11	9.50	307.01	543.48	813.00	-
Kerala	21.15		500.00	219.65	398.50	-
Madhya Pradesh	43.38		289.48	82.51		-
Maharashtra	20.25		684.00	214.11		-
Manipur	-					-
Meghalaya	23.72					-
Mizoram	-					-
Nagaland	-					-
Orissa	-	22.70		312.14		-
Punjab	-	4.50		1.36		-
Rajasthan			108.30	1294.92		-
Sikkim	62.07					-
Tamil Nadu	2.70		640.00	219.65	481.00	-
Tripura						-
Uttaranchal				315.15		-
Uttar Pradesh	20.00		316.00	610.73		-
West Bengal			167.12	381.32		-
Andaman & Nicobar						-
Chandigarh				11.64		-
Delhi			962.44	2285.86		-
Dadar & Nagar Haveli						-
Daman & Diu						-
Lakshdweep						-
Pondicherry						-