

I. INTRODUCTION

The United Progressive Alliance came into being in May 2004 to translate the mandate of the people of India expressed through the General Elections of 2004 into a new agenda of governance aimed at providing a responsible, responsive, caring and inclusive Government.

The UPA, and its supporters, pledged themselves to preserve, protect and promote social harmony and to enforce the law without fear or favour to deal with all obscurantist and fundamentalist elements who seek to disturb social amity and peace. They expressed their commitment to ensure that the economy grows at least 7-8% per year in a sustained manner over a decade and more and in a manner that generates employment so that each family is assured of a safe and a viable livelihood.

The UPA also committed itself to enhance the welfare and well-being of farmers, farm labour and workers, particularly those in the unorganized sector and assure a secure future for their families in every respect. The UPA expressed its commitment to empower women, politically, educationally, economically and legally; and, to provide for full equality of opportunity, particularly in education and employment for scheduled castes, scheduled tribes, other backward classes and religious minorities.

Finally, the UPA and its supporters also gave their solemn commitment to unleash the creative energies of our entrepreneurs, businessmen, scientists, engineers and all other professionals and productive forces of society, while providing a corruption-free, transparent and accountable government.

The UPA is committed to defending and promoting the ideas and ideals that define our Republic and form the basis of our democratic and secular Constitution. The UPA believes that our Nation was built on the foundations of a deep and abiding commitment to the values of liberal, social democracy. Pluralism, secularism, multi-culturalism and the principles of equity, social justice and the rule of law are core values of our civilization and the bedrock of our Republic.

The UPA Government is proud of the fact that it has delivered substantially on its commitments within a brief span of 19 months in office. Never before has a Government fulfilled so many of its stated commitments within such a brief span of time. This Report on Implementation presents a comprehensive review of action taken by various ministries of the Central Government and by the Prime Minister's Office in implementing the NCMP.

An important contribution of the UPA to the life of our citizens that can not be listed as a programme or a policy, and can not be quantified in statistical terms is the new sense of security and well-being imparted to the weaker sections of our society, especially scheduled caste and scheduled tribes, women and religious minorities. The UPA Government has assiduously worked to create a more inclusive society, a more caring polity and a more equitable economy. While sustaining a rate of growth of over seven per cent, the Government has been able to hold the price line, despite enormous pressure exerted by the high global oil prices. This is a signal achievement of sound macro-economic management. Continued economic growth and prudent fiscal management will enable the Government to mobilize the required resources to finance the many initiatives taken during the year, especially the employment guarantee programme and new investment in education, health and rural infrastructure.

Apart from the implementing all the initiatives listed in the NCMP, the Government has also launched new initiatives, most importantly, Bharat Nirman. These initiatives have the potential to transform India. However, effective implementation of the Government's programmes requires hard work, especially at the grassroots level. Raising public consciousness and monitoring implementation of Government programmes is the solemn duty of concerned citizens and political workers. Members of civil society must play an active role in ensuring proper implementation of Government policies.

II. HEALTH

The **National Rural Health Mission** (NRHM) has been launched and a detailed note is at **Annexure I**. It is expected that one lakh ASHAs would be appointed by March 2006 in 10 high focus states and 2.5 lakh ASHAs by 2008. Multiple models of health insurance are being explored under the Mission. Reduction of communicable diseases is also part of the Mission. AIDS control has been given leadership at the level of the Prime Minister.

Comprehensive health care as basic to family planning has been sought to be extended through the NRHM and is expected to contribute to population stabilisation. The use of the term population control has been dropped. Incentives to ASHAs under NRHM include those for family planning. Janani Suraksha Yojana has been approved to promote institutional deliveries. District Plans under NRHM are close to finalisation in some states. States have been advised to address population stabilisation through investment in health, education and empowerment. The learning from southern states would be formulated through appropriate strategies in the demographically weaker states after studying their peculiar conditions. The National Population Commission has been reconstituted to make it more compact and its meeting has been held in July 2005.

Government has sanctioned 467 additional ICDS Projects and 1.88 lakh anganwadi centres in order to ensure an anganwadi centre in every habitation, as per the existing population norms of one centre for a population of 1,000 (700 for tribal/hilly/desert areas). With this, the number of projects has increased to 6,119 and that of anganwadi centres to around 9 lakh, raising the latter from the existing level of around 7 lakh centres established since the ICDS commenced in 1975 by over 25%. Financial norms for supply of supplementary nutrition have been doubled to Rupees two per beneficiary per day since October 2004 to ensure that the required quantity of nutrients is available to the beneficiaries. The Central Government is now sharing 50% of the cost of supplementary nutrition – hitherto the responsibility of the states. A task force has recommended new population norms for setting up anganwadi centres, and the revised norms are being formulated.

- **National Rural Health Mission launched**; accredited social health activists – **ASHAs – to be appointed in all villages in 10 high focus states**
- **Health plan outlay** raised by Rs. 3,443 crore (55%) in two years
- Comprehensive health care recognised as basic to family planning
- **Janani Suraksha Yojana** to promote institutional deliveries
- **Anganwadi centres universalised** – 1.88 lakh new centres
- **Financial norms for nutrition through the centres doubled**, with Centre bearing 50% cost
- **Nutrition outlay** for raised by Rs. 1,518 crore (70%) in one year
- **Nutrition to all pregnant or lactating women and children, not limited to BPL**

III. EDUCATION

An Education Cess (@ 2% on major central taxes) has been introduced to raise resources for providing universal elementary education. A non-lapsable fund called the 'Prarambhik Shiksha Kosh' has been set up to receive the proceeds of the Education Cess to finance elementary education, Sarva Shiksha Abhiyan (SSA) and the mid-day meal scheme. The SSA seeks to bridge all gender and social category gaps at primary stage by 2007 and at elementary education level by 2010. The SSA also focuses on elementary education of satisfactory quality with emphasis on education for life. Universal retention by 2010 is another important goal of the Abhiyan. All States and Union Territories are covered under the SSA, which spans approximately 20.9 crore children in 11 lakh habitations through 8.96 lakh existing schools and 35 lakh teachers at present. A total of 1,29,893 new schools had been sanctioned till September 2005 under the SSA; 57,838 school buildings and 1,13,506 additional class rooms and had been completed by September 2005, while 34,694 school buildings and 1,10,927 additional class rooms were in progress; toilet and drinking water facilities had been provided in 88,022 and 63,448 schools respectively by March 2005, while works were in progress in 32,688 and 26,717 schools; and, 4,92,261 teachers had been recruited. Outcomes under the SSA indicate a Gross Enrolment Ratio (GER) for primary level as 95.39% and the GER for the elementary level as 82.5%.

In order to improve enrolment, attendance and health of school-going children, the Government has launched the National Cooked Mid Day Meal Programme for Government-run and Government-aided primary schools countrywide covering around 12 crore children. Earlier, states were only provided free uncooked food grains @ three kg per child per month. Provision has also been made for mid day meals during summers in drought affected areas. Provision has also been made for mid day meals during summers in drought affected areas. States are being provided assistance for meeting cooking cost @ Re. 1 per child per school day since 2004-05. Since 2004-05, rates for transport subsidy to States have been enhanced by 100% for special category states and by 50% for other states. Financial provision has been made for better supervision and monitoring. 24 out of 28 states have universalised cooked mid-day meal programme, while the remaining four states are implementing it partially.

Four Merit Scholarship Schemes, with 350 scholarships annually for the engineering stream and 150 scholarships annually for MBBS, have been introduced for medical and engineering students enrolled in Government and aided institutions participating in the AIPMT and the AIEEE. Banks have waived the need for collateral for student loans up to Rs. 7.5 lakh, up from Rs. 4 lakh earlier,

- **Education cess introduced and Prarambhik Shiksha Kosh established** for financing elementary education, Sarva Shiksha Abhiyan (SSA) and mid-day meal scheme
- **SSA outlay** raised by Rs. 4,424 crore (162%) from 2003-04 outlay level; **elementary education budget** raised by Rs. 7,082 crore (129%) in two years; **mid-day meal outlay** increased by Rs. 1,970 crore (143%) in two years
- **Cooked mid-day meal scheme** launched with provision for cooking cost to states
- **Number of measures for ensuring reach of education to the poor:** scholarships, student loan collateral waiver limit raised, tax exemption without limit on student loan repayment, scholarships and loans portal, private coaching institutions drafted for pre-exam coaching for minorities

if a satisfactory guarantee is provided on behalf of the student. Against the limit for deduction under the Income Tax Act of Rs. 40,000 earlier, deduction has been allowed without any limit on the entire amount of interests paid by an individual during the previous year on amount paid for repayment of loan or interest on loan taken for the purpose of pursuing higher education. A portal (www.educationsupport.nic.in) has been designed and launched to provide information on all scholarships, freeships and educational loan facilities offered in the public and the private sectors. Schemes for pre-examination coaching of candidates belonging to the minority communities, earlier confined to Government institutions, have been expanded to include reputed private coaching institutes having a track record of showing good results in competitive examinations.

A sub-committee of the Central Advisory Board on Education (CABE) has given its report on the Right to Education Bill and the report is under examination.

Wide-ranging consultations are being initiated in regard to the National Commission on Education to be set up, to ensure that the action initiated is appropriate to the need for the Commission. It is being considered that the Commission's functions should relate to higher education and, specifically, should include preparation and laying in Parliament of an annual report on the state of higher education in India, recommending and monitoring structural and other reforms, monitoring and reporting on the implementation of accepted higher education related recommendations of the National Knowledge Commission, and generating new ideas.

A number of steps have been taken to ensure that all institutions of higher learning and professional education retain their autonomy. These include (i) restoration of the power of the IIMs to decide on their fee structure, (ii) doing away with insistence on financial contributions to educational institutions being routed through the Bharat Shiksha Kosh, (iii) withdrawal of the draft 'Model University Act' for standardising governance patterns across universities, (iv) preparation of a report by a committee of CABE on measures for enhancing the autonomy of higher education institutions to serve as a consensual basis for further action, (v) withdrawal of orders requiring universities to seek prior approval for entering into MoU with foreign institutions for collaboration in research, (v) reintroduction of the scheme of providing Block Grants to institutions in order to restore financial autonomy, and (vi) making the participation of universities in the AIEEE optional.

IV. FOOD AND NUTRITION SECURITY

Nutrition security is being addressed through the mid-day meal scheme, ICDS, Kishori Shakti Yojana, Nutrition Programme for Adolescent Girls and the Pradhan Mantri Gramodaya Yojana. Cooked mid-day meal and ICDS are being universalised, as mentioned. Government has expanded coverage for girls in the age group of 11-18 years under the Kishori Shakti Yojana by expanding the scheme from 2,000 ICDS projects to all 6,119 ICDS projects in the country.

Food security is being addressed through the National Rural Employment Guarantee Act, expanded outlays under the Sampoorna Grameen Rozgar Yojana and expanded Antyodaya Anna Yojana. Antyodaya Anna Yojana has been expanded to cover one crore additional households, a rise of 60%. To make fair price shops viable, instructions have been issued for using them as PCOs and covering lending to them as priority sector lending. Government is working out modifications in the existing scheme of grain banks for wider coverage and making it more comprehensive.

- Nutrition security through cooked mid-day meal scheme commenced in elementary schools, universalised anganwadi centres, **universalised Kishori Shakti Yojana** and universal Pradhan Mantri Gramodaya Yojana
- Food security through National Rural Employment Guarantee Act, expanded outlays under SGRY, **60% expansion in Antyodaya Anna Yojana**

V. COMMUNAL HARMONY AND ADDRESSING MINORITIES' CONCERNS

The National Integration Council has been reconstituted and its meeting has been held in August 2005. A Bill providing for prevention and control of communal violence, and ensuring of proper and timely relief and rehabilitation measures for the victims of communal violence, has been introduced in Parliament.

Following steps have been taken for reversing trend of communalisation of education:

(i) A panel of historians did a quick review of history textbooks of NCERT and Government has implemented its recommendations.

(ii) The revised National Curriculum Framework for School Education is expected to be in place for the academic session beginning in 2006.

(iii) All autonomous bodies under the Ministry of HRD have been requested to undertake a review of their activities that have possibly given rise to the perception of communalisation of education and to take suitable corrective measures.

(iv) The Central Advisory Board on Education (CABE) has been revived to facilitate wider consultation and concurrence in the federal spirit.

The National Commission for Minority Educational Institutions (NCMEI) has been established through an Act of Parliament. A Bill to further widen the mandate of the Commission has been introduced in Parliament. The proposed amendments, *inter alia*, seek to provide for the right of minority educational institutions to seek affiliation to any university of their choice, overcoming problems faced in seeking no objection for establishing such institutions, and resolving of disputes relating to minority status of educational institutions by the Commission. The Act and the proposed amendments would, thus, ensure that the provisions of the Constitution giving minorities the right to establish and administer educational institutions of their choice would be implemented effectively for the first time.

A Commission has been set up to identify how best the welfare of socially and economically backward sections among minorities, including through reservation in education and government employment, may be ensured.

A Bill for providing Constitutional status to the Minorities Commission has been introduced in Parliament.

- **National Integration Council revived**
- **Communal Violence (Prevention, Control and Rehabilitation of Victims) Bill introduced** in Parliament
- **Trend of communalisation of education reversed**
- **National Commission for Minority Educational Institutions** set up to give minority educational institutions choice of affiliation and to help resolve problems faced in effectively enjoying their Constitutional rights
- **Commission set up to identify measures for welfare of backward sections among minorities**
- **Bill introduced in Parliament for giving Constitutional status to Minorities Commission**
- **Justice Sachar Committee studying in-depth condition of minorities**
- **15-point programme for minorities being announced**
- Outlay for National Minorities Development Finance Corporation trebled

A Committee under Justice Sachar is studying in-depth the condition of the minorities and would recommend steps for their economic and social development and empowerment.

A 15-point Programme for Minorities has been finalised. Details are at **Annexure II**.

Additional allocation of Rs. 50 crore was provided in Budget 2004-05 to the National Minorities Development Finance Corporation (NMDFC), more than trebling the outlay from Rs. 21.79 crore in the preceding year. The condition of *pro rata* contribution by states/UTs has been waived. According to Outcome Budget 2005-06, NMDFC is expected to benefit 36,000 persons from amongst minorities in the year.

VI. EMPOWERING WOMEN

Legislation: Through enactment of the Protection of Women from Domestic Violence Act, 2005, more effective protection has been provided to women who are victims of violence of any kind occurring within a family. The Act enables women to negotiate non-abusive and non-violent matrimonial or other domestic relationships and provides them a civil remedy hitherto not available in the criminal law regime. The Hindu Succession Act, 1955 has been amended to make Hindu women's inheritance rights in coparcenary property equal to men's across states, overriding any inconsistent state laws. Parliament has passed a Bill for effecting changes in the Criminal Procedure Code, which provides safeguards for women in terms of bar on arrest of women at night. The Government has introduced a Bill in Parliament for amending the Factories Act, 1948 to provide flexibility in working hours of women, while providing suitable safeguards to ensure their well-being. This will help employment of women in the services sector, especially software services and data centres. A Bill has been tabled for amending the Prevention of Child Marriage Act. Government has initiated action for amending the Commission of Sati (Prevention) Act, 1987 for strengthening the law on *sati* prevention. The Government proposes to amend the Immoral Traffic (Prevention) Act, 1956 in order to make the provisions of law more stringent for traffickers, pimps and brothel-owners, and to omit such provisions of the Act as are discriminatory towards women who are victims of commercial sexual exploitation.

- **Protection of Women from Domestic Violence Act** has provided civil remedies to women in abusive / violent relationships
- **Hindu women given equal rights to inherit coparcenary property**
- **Law passed to bar arrest of women at night**
- **Bill introduced to permit flexibility in working hours for women**
- **Strengthening of laws on *sati* prevention and child marriage prevention on anvil**
- **Law soon for stricter action against immoral trafficking and non-discriminatory treatment of women victims of commercial sex exploitation**
- **Earmarking for women under National Rural Employment Guarantee Act**
- **Gender budgeting started**

Financial focus: One-third earmarking for women has been done in the Rural Employment Guarantee Scheme envisaged under the National Rural Employment Guarantee Act with key role being given to Panchayats. Gender budgeting for assessing and focusing the impact of Government spending on the welfare of women has been introduced in 18 Ministries.

Women's reservation Bill: A draft Bill for one-third reservations for women in legislatures has been made and efforts are being made for building consensus. The Government has held meetings with all opposition parties and with all UPA constituents. Discussions have been held with women's groups and other stakeholders.

VII. EMPOWERING SCHEDULED CASTES/TRIBES & BACKWARD CLASSES

Parliament has passed amendment to the Constitution to facilitate states in providing greater access to higher education, particularly professional education, in private unaided institutions for students belonging to OBCs, SCs and STs.

A comprehensive Bill to vest rights and occupation in forest land in forest dwelling Scheduled Tribes – a major concern of the Panchayats (Extension to Scheduled Areas) Act, 1996 [‘PESA’] – and including the right of ownership of minor forest produce, has been introduced in Parliament.

A Bill seeking to elevate reservations to a statutory right was introduced in Parliament, and is now being considered by a Group of Ministers in light of the report of the Department related Parliament Standing Committee. Government has speeded up recruitment to fill up the backlog of vacancies for reserved posts. A Group of Ministers has been set up to cover all dimensions regarding the question of reservation for OBCs in backlog vacancies. A Group of Ministers has been constituted to examine the issue of affirmative action in private sector. It has initiated a dialogue with Industry to see how best the private sector can fulfil the aspirations of SC and ST youth.

A Cabinet Committee on Tribal Affairs has been set up to address issues concerning tribal development on a continuing basis. Its terms of reference include converting the policy on rehabilitation into a law in respect of tribal areas, empowering the Ministry of Tribal Affairs to intervene on matters impinging on tribal rights to resources guaranteed under existing laws, and monitoring the implementation of PESA. The Ministry of Panchayati Raj has mandated for pursuing the implementation of PESA with the states. A Group of Ministers has been set up for looking into, *inter alia*, implementation of PESA. Ministry of Mines has requested states to amend their rules to conform with PESA and issue guidelines for involving Gram Sabhas / Panchayats in mining. Most states having Scheduled Areas have done this.

Creation of irrigation potential of 10 lakh hectare by 2009 under Bharat Nirman through groundwater would primarily benefit small and marginal *dalit* and *adivasi* farmers.

- **Constitution amended to facilitate reservations in private unaided institutions**
- **Bill introduced for vesting in forest dwelling STs rights in forest land and minor forest produce**
- **Bill introduced in Parliament to elevate reservations to statutory right; OBC reservation in backlog vacancies being looked into; Group of Ministers in dialogue with industry regarding fulfilment of job aspirations of SC/ST by private sector**
- **Ministry of Panchayati Raj mandated as nodal Ministry for taking up implementation of Panchayats (Extension to Scheduled Areas) Act [PESA] with states**
- **10 lakh hectare irrigation through groundwater by 2009 under Bharat Nirman to benefit primarily SC/ST farmers**
- **Cabinet Committee on Tribal Affairs set up**

VIII. RURAL DEVELOPMENT

The National Rural Employment Guarantee Act has been passed. For the first time, it recognises the right to work as a fundamental legal right and entitles the rural poor to guaranteed employment for hundred days. The Outcome Budget for 2005-06 estimates that 161 crore man days of work will be generated in the year under the Rural Employment Guarantee Scheme and the Sampoorna Grameen Rozgar Yojana (SGRY), which is substantially higher than 85 crore man days generated in 2003-04. As an immediate measure, the National Food for Work Programme had been launched in 150 districts for 2005-06. The allocation for the SGRY increased from Rs. 4,125 crore funds and 50 lakh tonne of food grain during 2003-04 to Rs. 10,000 crore funds and 100 lakh tonne of food grain during 2005-06, which includes the allocation for the National Food for Work Programme also.

- **National Rural Employment Guarantee Act** guarantees rural poor work; guarantee to be extended country-wide in 5 years, beginning with 200 districts in February 2006
- **Bharat Nirman** launched for thrust in infrastructure for power, roads, irrigation, telecom, housing and drinking water by 2009

Bharat Nirman, a six-pronged four-year time-bound programme for rural infrastructure creation by 2009 has been launched. A detailed note is at **Annexure III**.

IX. AGRICULTURE AND COOPERATIVES

Irrigation: Besides one crore hectare of fresh irrigation by 2009 under Bharat Nirman, microirrigation through drip and sprinkler irrigation is being promoted with an aim of increasing the coverage from about 1.2 million hectare to 14 million hectare by the end of Eleventh Plan period. Rural Infrastructure Development Fund (RIDF) was revived in 2004-05 and its corpus was enhanced to Rs. 8,000 crore in 2005-06.

Credit: The disbursement of credit to agriculture and allied activities in 2004-05 was Rs. 115,243 crore, an increase of 43% from the preceding year. The target for lending towards Agricultural and Allied Activities has been further enhanced from this level by 22% for 2005-06 and 59% of the target had been achieved in the first half of the financial year. Public sector banks and Regional Rural Banks added over 58 lakh new farmers to their portfolio of borrowers in 2004-05 and 50 lakh more are targeted in 2005-06. Farm loans of Rs. 11,170 crore were restructured in 2004-05. As against the target of 1.85 lakh Self-Help Groups (SHGs) to be credit-linked during 2004-05, over 4.46 lakh SHGs were credit-linked with a loan amount of Rs. 1,197 crore by 31.1.05. 1.11 lakh SHGs have been credit linked in the first half of 2005-06. A package of estimated Rs. 13,596 crore to revive short-term rural cooperative structure has been approved for financial restructuring by bringing the Primary Agricultural Cooperative Societies, the District Central Cooperative Banks and the State Cooperative Banks to an acceptable level of financial health through cleansing their balance sheets and strengthening their capital base.

Unified market: State level VAT has been implemented in most states and the unified market created under VAT would be useful to farmers. Eight states and UTs have been persuaded to amend their Agriculture Produce Marketing Committee Acts. Government has approved introduction of a Bill in Parliament for repeal of the Agricultural Produce Cess Act, 1940 and the Produce Cess Act, 1966 to remove cess on exports of domestic agricultural produce to make the exports more competitive globally and, thereby, help secure better prices for agricultural produce by increasing demand. A Bill has been introduced in Parliament to drop raw cotton, cottonseed and cattle fodder from essential commodity category to ensure their free movement and protect the interests of farmers and consumers.

Schemes: Government has launched new Schemes for agricultural extension reforms [Support to State Extension Programmes for Extension Reforms], agriculture education, construction of rural godowns [Grameen Bhandaran Yojana] and marketing infrastructure and support services [Development of Agricultural Marketing Infrastructure, Grading and Standardisation]. A National Fund for Strategic Agricultural Research is being set up.

- **1 crore hectare fresh irrigation by 2009** under Bharat Nirman
- 1.28 crore hectare – **ten-fold – rise in drip & sprinkler irrigation targeted by 2012**
- **Rural Infrastructure Development Fund revived and enlarged**
- **Rural credit flow enhanced by 43% in 2004-05** and target 22% higher for 2005-06
- **5.57 lakh SHGs credit-linked** in 1½ yrs
- **Rs. 13,596 crore package for reviving short-term rural cooperative structure**
- **Unified market created under VAT**
- States persuaded for **repeal of Agriculture Produce Marketing Committee Acts**
- **Agri-produce export cess to be removed**
- **Agriculture research & extension outlay raised by Rs. 48% (375 crore) in 2 years**
- **New schemes launched for extension, agriculture education, godowns, marketing infrastructure**
- **Old cane arrears largely cleared**

Cooperatives: A Bill would be introduced soon in Parliament to bring uniformity in state laws with emphasis on minimising Government control and interference in the working of cooperative societies, ensuring timely conduct of elections, general body meetings and audit, and making the management of cooperative societies more professional.

Insurance: Insurance Regulatory Development Authority has published draft regulations for micro-insurance and NGOs, self help groups, cooperatives and micro-finance institutions will be invited to become micro-insurance agents.

Cane arrears of previous years have been largely liquidated in percentage terms. As a result of steps taken by the Government since last year, cane arrears had come down by 18% by the end of April 2005 since the UPA Government took over.

X. WATER MANAGEMENT

Water conservation: A People's Water Conservation Mission would be launched soon and by orienting panchayat level funds (conservatively estimated as several thousand crore Rupees annually), it would take water conservation to scale. DPAP and IWDP, the two programmes for watershed development, have been brought under a common guideline. A National Project for the Repair, Renovation and Restoration of Water Bodies used by farmers, especially in dry land, remote and tribal areas, has been launched to augment the storage capacity of water bodies, including lakes, tanks and reservoirs, and restore their lost or wasted irrigation potential, beginning with a pilot project covering 16 districts in nine states. States have been asked to direct municipal bodies to make rainwater-harvesting part of design approvals by local bodies. Eight states have done work on rainwater harvesting; eight states have taken steps to amend municipal or building laws.

- **People's Water Conservation Mission** being launched soon for taking water conservation to scale
- States being assisted for flood management
- Feasibility reports for inter-linking of rivers prepared; **agreement for first project for inter-linking rivers signed**

Flood management: This is in the purview of states. Nevertheless, the Centre is assisting them. A Task Force had suggested short and long term measures for this, particularly in states in the northeast and the east. Allocations have been made available for food prevention works. Efforts are being made to create consent among participating states for a proposed North East Water Resources Authority and.

Inter-linking of rivers: Feasibility reports for all 14 links identified in the peninsular component have been completed and reports for all links identified for the Himalayan component have either been completed or are close to completion. Agreement for the first inter-linking of rivers project for Ken and Betwa rivers has been signed between Madhya Pradesh and Uttar Pradesh. Another one for Parvati and Kalisindh rivers is expected to be agreed to by both states concerned, Madhya Pradesh and Rajasthan.

XI. GOVERNANCE REFORMS AND STRENGTHENING CIVIL SOCIETY

Second Administrative Reforms Commission: This has been set up in September 2005 and given a timeframe of one-year to submit its report. It has begun its work.

Right to Information Act: This has come into force, replacing the earlier Freedom of Information Act. The new Act has wide reach, covering the Central and State Governments, Panchayati Raj institutions, local bodies, as well as recipients of Government grants. It has empowered citizens by giving them extensive access to information with minimum exemptions, which too may be over-ridden if the benefits from the release of information outweigh the harm caused by disclosure of information. Even security agencies are subject to disclosure now in cases of allegations of corruption or violation of human rights. It has also imposed obligations on Government agencies to disclose information on their own, thus reducing the cost of access. An independent appeal mechanism in the form of Central and State Information Commissioners, coupled with extensive disclosure obligations and stringent penalties, have given teeth to the right and have made it a powerful instrument for good governance.

E-Governance: A National e-Governance Plan has been prepared. This has 25 Mission Mode Projects, some of which are nearing completion. Government has approved the setting up of the National Institute of Smart Governance and has approved a scheme for creating State-Wide Area Networks (SWANs) in all states by 2007 at a total estimated investment of over Rs. 3,345 crore, including Rs. 2,005 crore grants from Government of India. According to the Outcome Budget 2005-06, SWAN proposals from 14 states have been sanctioned with a total investment of Rs. 1,028 crore and the first instalment has been released. A scheme for computerising 13,348 District and Subordinate Courts has been separately launched under the overall directions of a Committee chaired by the Chief Justice of India. 3,475 courts are to be covered in Phase-I.

Lok Pal Bill: The Bill has been drafted and has been discussed in the Cabinet. A Group of Ministers is deliberating on the matter.

Electoral reforms: The Government has formulated proposals in regard to state funding of elections, which have been approved by the Cabinet. The proposals are being referred to the Election Commission of India for initiating action to make operational partial funding in kind to political parties that are recognised, as well as their candidates.

Curbing black money: The Department of Revenue is examining the recommendations of an Expert Group, which was constituted to make recommendations for unearthing black money and assets. The levy of banking cash transaction tax, restrictions to prevent bogus gifts from unrelated persons, providing for tax deduction/collection at source in certain additional areas, making punishable with imprisonment and fine making of false entries and issuing of false vouchers etc.

- Administrative Reforms Commission set up
- Civil society empowered through **Right to Information Act**
- National e-Governance Plan being implemented
- Measures approved for making state funding of elections operational
- Number of measures for curbing black money
- **Greater autonomy given to profitable PSEs and public sector banks**
- **RRBs and rural cooperatives structure being revived**
- Law regarding labour returns being simplified
- Land records being computerised

with intent of facilitating tax evasion, and making filing of certain returns mandatory are expected to work against generation of black money.

Autonomy to successful PSEs: Government has given greater managerial and commercial autonomy to successful Central Public Sector Enterprises. The powers of Navratna and Miniratna PSEs in regard to investment in subsidiaries and joint ventures, and for delegation of powers relating to human resource management, have been enhanced; the Government has delegated to Navratna and Miniratna PSEs powers for mergers and acquisitions and has relaxed the conditions relating to Government guarantee for retaining Navratna and Miniratna status; powers to incur capital expenditure have been enhanced for Miniratna and other profit-making PSEs; and, a mechanism has been created for expeditiously including/deleting CPSEs from Navratna category.

Banks: Instructions have been issued to all Public Sector Banks for managerial autonomy. An Amendment Bill has been introduced in Parliament for removal of the present ceiling of voting rights stipulated in the Banking Regulation Act, 1949. RRBs that adopt a new governance standard and abide by the prudential regulations will qualify for receiving funds from the Government for their restructuring. Notifications under the RRB Act, 1976 have been issued to facilitate consolidation of RRBs. A package of estimated Rs. 13,596 crore to revive short-term rural cooperative structure has been approved for financial restructuring by bringing the Primary Agricultural Cooperative Societies, the District Central Cooperative Banks and the State Cooperative Banks to an acceptable level of financial health through cleansing their balance sheets and strengthening their capital base.

Labour returns: A Bill to simplify the forms of registers and returns prescribed under various labour laws has been introduced in Parliament.

Land records: The scheme for computerisation of land records now covers 584 districts. In Budget 2005-06, the allocation for computerisation of land records has been more than doubled, with provision of Rs. 122 crore, as against Rs. 59 crore during 2004-05.

XII. CENTRE-STATE ISSUES

The setting up of the Commission on Centre-State Relations has been notified and the selection of the Chairperson and Members of the Commission is being finalised. The Commission is expected to submit its report with recommendations within two years. A meeting of the reconstituted Inter-State Council has been held. The Council's Secretariat has taken several new initiatives. The meeting of the National Development Council has been held and a committee has been constituted under the Union Finance Minister in follow up to examine extending of debt relief for loans given to states from the National Small Savings Fund.

- Commission on Centre-State Relations notified
- ISC and NDC have met and have been activated
- **Several major steps taken to alleviate debt of states**
- Mineral royalty to states revised upwards

The following measures have been taken for alleviating the debt burden of states:

(i) Permission has been given to refinance loans from institutions with cheaper loans in the form of additional market borrowings/new institutional loans.

(ii) Refinancing of NABARD loans carrying interest of 10.5% or more with additional market borrowings has been allowed.

(iii) Option has been given for additional market borrowings at 6.0% to 6.5% interest for financing loan component of Normal Central Assistance in place of Central Government loans carrying 9% interest.

(iv) Transfer of external assistance loans to states on back-to-back basis to provide benefit of longer maturity and lower rate of interest has been agreed to.

(v) A scheme of debt relief has been introduced for rescheduling all Central loans contracted till 31.3.04 and outstanding as on 31.3.05 into fresh loans for 20 years carrying 7.5% interest from the year a state enacts the fiscal responsibility legislation.

(vi) Based on the recommendations of the Twelfth Finance Commission (TFC), debt write-off is being linked to reduction in revenue deficit by a state.

(vi) The Planning Commission had commissioned the NIPFP to carry out a study on State finances and the report will be laid before the full Planning Commission for consideration.

Government raised upwards the rates of mineral royalty payable to State Governments in respect of asbestos, dolomite, iron ore, limestone, lime *kankar*, limeshell, ochre, quartz, silica, moulding sand, quartzite and slate in February 2005. This was expected to result in an increase of 11.16% (Rs. 96.39 crore) in mineral royalty receipts to states.

An exercise to rationalise / reassign categories of Centrally Sponsored Schemes has been undertaken by the Planning Commission and, upon completion, the schemes identified for transfer to states would be submitted to the NDC for a decision.

XIII. PANCHAYATI RAJ

The Ministry of Panchayati Raj has concluded seven Round Table Conferences with the State Panchayati Raj Ministers on eighteen identified dimensions of Panchayati Raj. A set of 150 recommendations has been made concerning every aspect of Panchayati Raj. Ministry of Panchayati Raj has also drawn up an annual calendar, which includes activity mapping in all states, restructuring Centrally sponsored schemes, etc. In follow up, a Group of Ministers has been constituted for strengthening the Panchayati Raj Institutions and its terms of reference also include implementing the recommendations pertaining to financial devolution.

- **States consulted on all aspects** and implementation being followed up with them
- **Backward Regions Grants Funds to be implemented through Panchayats**
- **Key role to Panchayats in National Rural Employment Guarantee Act**

It is envisaged that the new Backward Regions Grants Fund, with annual allocation of Rs. 5,000 crore for identified backward districts, would be implemented through Panchayats.

Panchayats have been given a central role in implementation and monitoring of the Rural Employment Guarantee Scheme under the National Rural Employment Guarantee Act.

XIV. JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION

Jawaharlal Nehru National Urban Renewal Mission has been launched in December 2005 and a detailed note is at **Annexure IV**.

XV. THE NORTH EAST

Law and order: The numbers of incidents of civilians killed and persons kidnapped in the northeast have registered a significant decline in 2004 and 2005 compared to the preceding years. The Government has appealed to militant groups to give up violence and to come forward for talks without conditions. NSCN(I/M), NSCN(K), UPDS, DHD, NLFT(NB), NLFT(KMK), ANVC and NDFB have entered into suspension of operations agreements. Talks are also being held with all these outfits, except NSCN(K). An agreement has been signed between BNLF and the Government of Mizoram for the return of the Bru/Reang tribe to the state. Elections to the Bodo Territorial Council have been held and the Ministry of Development of North Eastern Region has sanctioned development projects worth Rs. 225 crore for the area and Rs. 100 crore were released in the year 2004-05. Diplomatic initiatives have been taken with Bangladesh, Myanmar and Bhutan for tackling insurgent outfit operations. The SRE reimbursement facility has also been extended to Meghalaya and Arunachal Pradesh in addition to the states of Assam, Manipur, Nagaland and Tripura. Special Central Assistance is being provided for modernisation of state police forces and under the revised Scheme, seven northeastern states have been made eligible for 100% Central funding from 2005-06, thus raising the level of Central funds to the northeastern states. Government has revised the Centrally funded Surrender and Rehabilitation Scheme with effect from April 2005, providing for stipend of Rs. 2,000 p.m. for 36 months to surrendered militants, and an immediate grant of Rs. 1.5 lakh to be kept in a bank in the name of surrendered person as fixed deposit for a period of three years and which may be withdrawn by the surrendered person thereafter, subject to good behaviour.

Roads: Government has approved in principle a special programme for construction, widening and improvement of 1,310 km road length in the region, with an outlay of Rs. 4,618 crore for completing the work by March 2009.

Railways: Kumarghat-Agartala and Jiribam-Tupul (Imphal Road) new railway lines and gauge conversion of Luming-Silchar lines have been taken up at a total estimated cost of Rs. 3,450 crore to provide broad gauge connectivity for Silchar and the state capitals of Tripura and Manipur and the state of Nagaland.

Power: NTPC will start a 500 MW thermal power plant at Salakati in Assam by 2009, involving an investment of Rs. 3,000 crore. To provide coal linkage to the plant, the North East coal fields under the Coal India Limited will upgrade production of coal at Margherita in Assam from

- **Law and order situation improved**
- Militant outfits engaged in dialogue
- **Settlement of Bru problem arrived at**
- **Higher assistance to states for security and police modernisation**
- **Surrender package improved**
- **Special programme for 1,310 km of roads**
- Kumarghat-Agartala & Jiribam-Tupul lines and Luming-Silchar gauge conversion taken up for **improving rail links to Silchar, Tripura, Manipur and Nagaland**
- Work started in private sector on **750 MW gas based plant in Tripura; 600 MW Kameng project approved; 2,000 MW Lower Subansiri project resumed;** 100% rural electrification taken up; Assam Gas Cracker project approval in final stages
- **NEC revitalised**

1.1 million tonnes at present to 3.13 million tonnes by 2013, through estimated investment of Rs. 3,000 crore. The Prime Minister has laid the foundation of a 750 MW gas based thermal power plant in Tripura in September 2005, with estimated private sector investment of around Rs. 3,900 crore. The Kameng hydroelectric project of 600 MW has been approved with an estimated cost of Rs. 2,497 crore, and Rs. 286 crore had been spent by the end of October 2005. The work on the 2,000 MW Subansiri Lower hydroelectric project has been resumed in October 2004 following the vacation of the stay order by the Supreme Court and Rs. 1,039 crore had been spent by the end of October 2005, against approved cost of Rs. 6,285 crore. Provision of Rs. 500 crore has been made in the 2005-06 Budget and the completion of the project is expected by 2010-11. Rajiv Gandhi Grameen Vidyutikaran Yojana, launched as one of the prongs of Bharat Nirman, will reach electricity to the remaining villages by 2009. The Assam Gas Cracker Project proposal is at an advanced stage of approval.

Industrial promotion: The Department of Industrial Policy and Promotion is in the process of revising the North East Industrial Policy, 1997. Detailed Feasibility Report is being prepared by the Department of Industrial Policy and Promotion on the scheme on Development of Infrastructure in Eastern and North-Eastern Region in consultation with State Governments to enhance the level of assistance for infrastructure in industrial estates.

NEC: Government of India by and large accepted the recommendations of the Committee on revitalization of NEC. Accordingly, Minister, Development of North Eastern Region has been designated *ex officio* Chairman, NEC and three expert Members have been appointed. A number of senior posts lying vacant in the NEC Secretariat have been filled up.

XVI. JAMMU AND KASHMIR

The Reconstruction Plan for J&K was announced by the Prime Minister in November 2004 and was expanded by his announcements made during his visit to Ladakh region in June 2005. The Reconstruction Plan involves an investment of approximately Rs. 24,000 crore and includes 67 projects/schemes aimed at meeting the need to strengthen the infrastructure and catering to other development needs, while balancing the development of the three regions of J&K.

- Rs. 24,000 crore **Reconstruction Plan** being implemented: several works completed
- **Udhampur rail line opened** and Srinagar line work on track
- Record tourist arrivals

Expansion of economic infrastructure: Uri-II power project and rural electrification projects for two districts have been approved. 226 micro-hydroelectric projects have been completed. Baglihar project is being provided Rs. 630 crore Additional Central Assistance. Nimu-Padam-Darcha roadwork has been approved. Uri-LoC road has been made functional. Srinagar Airport has been declared as an international airport and physical improvements at an estimated cost of Rs. 78 crore are being carried out. The frequency of flights between Kargil and Srinagar has been increased. Untied grants-in-aid of Rs. 7 crore and 18 crore respectively have been released to the Ladakh Autonomous Hill Development Councils for Leh and Kargil, which are taking up a number of infrastructure projects with these grants.

Expansion in provision of basic services: 14 new colleges and 9 new Industrial Training Institutes have become operational. Total Literacy Campaign for the remaining districts of J&K has been approved. 19 ICDS projects and 6,817 *anganwadi* centres have been sanctioned to ensure one centre in each habitation as per population norms. The State has been covered under the National Rural Health Mission.

Providing thrust to employment and income generation: Government of India has removed restrictions on recruitment by the State Government for filling up of relevant posts in education and health sectors. About 14,000 jobs have been created through sanction of ICDS projects and *anganwadi* centres and several thousand appointments have been made, while remaining appointments are under process. Five new India Reserve Battalions have been sanctioned affording employment to about 5,000 local youth over the next five years and recruitment from the state to these and Central paramilitary forces is under process. Several hundred students have been trained for the IT/BPO sector and over 40 trained students have been given placements in the private sector. 87 tourism industry personnel have been trained to build their capacities. One-year skill development courses have started for over a hundred students on food and beverage service, cooking, house keeping and front office operations. Following training, some trained persons have established agri-clinics. Project for conservation of Dal Lake has been approved. Financial assistance has been approved for four Tourism Development Authorities as well as for five tourism villages.

Providing relief and/or rehabilitation to the dislocated and the families of victims of militancy: Rehabilitation of 6,072 border migrant families of Akhnoor Tahsil has been approved at a cost of Rs. 59.18 crore and funds have been released. Enhanced outlay of Rs. 3 crore has been released to the Rehabilitation Council. Two-room dwelling units have been approved for all Kashmiri migrants living in camps.

Programmes other than the Reconstruction Plan: Udhampur-Srinagar-Baramulla railway line is being taken up and the Jammu-Udhampur section was inaugurated for passenger traffic by the Prime Minister on 13.4.05. Further, doubling of Jammu Tawi - Jalandhar railway line is progressing as per schedule. Prime Minister has laid the foundation stone for Nemo Bazgo and Chhatak hydroelectric projects (89 MW) in June 2005 for meeting the power needs of the Ladakh region. Programmes being implemented for development of the handicrafts sector include the Technology Mission for Wool, development of *pashmina*, traditional handicraft development, integrated development package for carpet export, integrated development package for export promotion of handicrafts (other than carpet), strengthening of infrastructure support for promotion of handicrafts sector, revival of *kani jamawar* shawl, development of sericulture and silk industries and setting up of Weavers' Service Centre. For development of tourism, soft loans have been provided to houseboat owners to renovate their boats and make them functional, soft loans have been provided to hotels for renovating and refurnishing rooms, capital grant has been provided to *shikarawalas* for repair and upgrading *shikaras*, and capital subsidy and soft loans have been provided to *ponywallas* to buy new ponies. Over 10,000 persons have been benefited under these schemes. The number of tourists has risen from 0.29 lakh in 2002 and 1.89 lakh in 2003 to 3.94 lakh in 2004 (and even more in 2005).

XVII. PROMOTION OF INDUSTRIAL GROWTH AND INVESTMENT

The National Manufacturing Competitiveness Council and the Investment Commission have been set up and have started functioning.

A major package, including tax relief, has been provided for the development of the textile industry and to prepare it to take on the challenge of global competition in the post multi-fibre agreement (MFA) regime. Basic customs duty on various textile machinery and spare parts has been reduced, allocation to the Technology Upgradation Fund Scheme (TUFS) has been enhanced, additional capital subsidy has been provided for processing, duties on specified textile machinery items, raw materials and spare parts has been brought down, and knitwear and knitted fabric have been dereserved. Provision of Rs. 100 crore has been made for weavers for spending on upgrading clusters, health cover and life insurance. Technology Mission on Cotton is expected to increase productivity.

- NMCC and Investment Commission set up and active
- **Package for textile industry helps very good performance in the post-MFA scenario**
- National Jute Policy adopted and Jute Corporation of India being restructured
- FDI limits relaxed in telecom, civil aviation and construction; Press note 18 denotified; FDI policy being reviewed
- **Record investment by FIIs due to steps taken and very good economic performance**

A comprehensive National Jute Policy has been announced to boost demand for jute and protect the interests of jute growers. Restructuring of the Jute Corporation of India has been undertaken.

The Ministry of Commerce and Industry has prepared an Action Plan for Industrial Growth and Promotion of Investment. As the Plan is wide-ranging and cuts across various Ministries and sectors, views are being firmed up after inter-Ministerial consultation through a Committee of Secretaries.

The procedure followed for FDI under the general permission route of RBI has been simplified. The extension of validity of foreign collaboration approvals has been relaxed and Press Note 18 has been denotified. Increase in FDI cap from 40% to 49% in Civil Aviation has been notified in November 2004. Increase in the FDI limit in the telecom sector from 49% to 74% has also been notified. FDI up to 100% has been allowed under the automatic route for development of townships, housing, built up infrastructure and construction development projects. Government has constituted a Group of Ministers to review the FDI policy.

The following measures have been taken to encourage FII and to reduce the vulnerability of the financial system to the flow of speculative capital:

- (i) Making procedures for registration and operations simpler and quicker for FIIs
- (ii) Raising investment ceiling for FIIs in debt funds to \$1.75 billion
- (iii) Finance Minister has announced in 2005-06 Budget speech that FIIs would be permitted to submit appropriate collateral, in cash or otherwise, as prescribed by SEBI, when trading in derivatives on the domestic market.
- (iv) An Expert Group has submitted its draft report on how FII can be encouraged and measures recommended in respect of regulatory framework for reducing the vulnerability of capital

markets to the flow of speculative capital, besides other recommended regulatory measures. The report is under consideration.

According to SEBI data, cumulative FII investment since April 1992 till March 2004 was US\$ 25.75 billion, whereas it was US\$ 13.52 billion during April 2004 to October 2005.

XVIII. UNORGANISED SECTOR AND SSI

The National Commission on Enterprises in the Unorganised Sector has been set up in September 2004 with a three-year term to act as an advisory body and a watchdog and to submit periodic reports to the Government. Its terms of reference cover broadly the entire gamut of issues relating to unorganised sector and it has done preliminary work on all terms of reference.

Government proposes to introduce an Unorganised Sector Workers' Bill to enact a law for building a social security system for unorganised workers, who number over 30 crore. The Bill has been drafted and comments have been invited through website.

The Khadi and Village Industries Commission (Amendment) Bill, 2005, aimed at revamping the functioning of KVIC, has been introduced in Parliament and draft amendments to the Bill are being framed in light of the recommendations made by the Department related Parliament Standing Committee.

A Bill for the development of micro, small and medium enterprises is being final shape for introduction in Parliament.

- **National Commission on Enterprises in the Unorganised Sector** set up and functional
- **Unorganised Sector Workers' Bill** being brought
- Bill for KVIC revamp soon
- **Bill being readied for development of micro-enterprises & SMEs**

XIX. INFRASTRUCTURE

A number of infrastructure related initiatives have been indicated in the sections on rural development, the northeast, Jammu & Kashmir and the Jawaharlal Nehru National Urban Renewal Mission. Other initiatives are indicated below. Infrastructure initiatives are being reviewed and guided by a high level **Committee on Infrastructure** chaired by the Prime Minister and a detailed note is at **Annexure V**.

A new National Electricity Policy has been announced to promote investment in the sector. Under the SEZ Act, 2005, power plants can be set up within the SEZ for supply to SEZ approved units with duty exemptions on capital equipment as well as raw material to provide efficient, quality power at competitive prices.

A decision has been taken easing the limit on FDI in telecom sector. A broadband policy was announced in October 2004 and broadband facilities were made available in 187 cities by September 2005.

FDI up to 100% has been allowed under the automatic route for development of townships, housing, built up infrastructure and construction development projects. (List at Appendix I to Annexure V)

Under the SEZ Act, 2005, the cost of development of infrastructure in SEZs has been reduced substantially by exempting all material and services purchased by the SEZ developer from customs, excise duty, service tax and Central Sales Tax.

The first desalination plant along the Coromandel Coast had been announced for Chennai in the 2004-05 budget with a capacity of 300 million litres per day and a cost of Rs. 1,000 crore. A stay granted by a court had delayed the commencement of the work. The stay has been lifted and it is expected that work will commence. The Government of Tamil Nadu has informed that the modalities are being worked out. More such proposals are under examination or preparation.

- **Committee on Infrastructure under PM steering number of infrastructure initiatives**
- **New National Electricity Policy in place**
- **SEZ Act gives major incentives for infrastructure creation**
- **100% FDI allowed in construction**
- **First desalination plant announced for Chennai**

XX. EXTERNAL AFFAIRS

A detailed note on **external affairs** is at **Annexure VI**.

XXI. OTHER INITIATIVES

Additional time has been given to states desiring more time for reorganising the State Electricity Boards. The Electricity (Amendment) Bill, 2005 has been introduced in Parliament, seeking, *inter alia*, to make the supply of electricity to all areas – including rural areas – the joint responsibility of the Central and the State Governments and doing away with the requirement for eliminating cross subsidies.

POTA has been repealed, while ensuring adequate legal safeguards against terrorism.

The Department of Ex-servicemen's Welfare has been set up. Proposals on the issue of one-rank one-pension for ex-servicemen are being finalised on the basis of the report of a Group of Ministers that had looked into the issue.

A Senior Citizens Savings Scheme has been launched with interest rate of 9% p.a.

Tamil has been declared as a classical language.

- States given time for unbundling SEBs; **Bill introduced to make electrification responsibility of Centre as well**, besides removing requirement for eliminating cross-subsidies on power
- **POTA repealed**
- **Department of Ex-Servicemen set up**
- **Tamil declared a classical language**

NATIONAL RURAL HEALTH MISSION

1. Our Government had a commitment to bridge the income gap, the education gap and the health gap of our people. They are interconnected in their causes and their solutions are mutually reinforcing. Our Government launched the National Rural Health Mission (NRHM) on 12th April 2005 to address the health gap.
2. Government had abandoned comprehensive health care and a public health perspective and focused attention on selected diseases. The design of our health programme was faulty. Our delivery model was one that fragmented resources and dissipated energies. The NRHM seeks to radically change the manner of health care delivery.
3. The key components of National Rural Health Mission are – provision of a rudimentary health provider called ASHA in each village, preparation of village health plans which are intersectoral, provision of an untied fund to the ANM/multi-purpose health worker for initiating local action for health, improving the Community Health Centres and the Primary Health Centres to become effective rural hospitals and finally a coordinated District Health Plan which provides for health action along with action on the determinants of health like safe water, sanitation, nutrition, etc.
4. Under the NRHM, we have provided for the Indian Public Health Standards (IPHS). This is seen as a set of standards to which rural public health hospitals, should improve. This involves standards in personnel equipment management systems including community control of hospitals and so on.
5. Decentralised district level management of health care is the objective of the National Rural Health Mission. We would soon like to shift to a district level mapping of gaps and funding those gaps as done in the Sarva Shiksha Abhiyan for elementary education. At the district level concerted action would be possible for preventive health by integrating health activities with action for safe drinking water, sanitation, nutrition etc.
6. **The Mission, when it was announced, was widely welcomed as the focus on rural health care was much wanted. For the Mission to become effective, there has to be an active involvement of local leadership. State Governments will have to ensure that the redesign of institutional arrangement of a single Health Society at the district level and a single State Health Society is in place. There would be substantial additional allocations from next year which would need to be utilised in time. Unlike other social sector services, health cannot be “given” and, instead is a cumulative output of a set of enabling conditions. Hence the new strategy, which focuses also on determinants is expected to work better. Here we are in for a long haul. Health gaps are huge. There is a shortage of providers in rural areas which make options like health insurance also difficult. But if we are able to make a difference, it would be the single most important contributor other than income-generation programmes to reducing rural poverty. We should all ensure that the decentralisation planned is made to work.**

THE 15-POINT PROGRAMME FOR THE WELFARE OF MINORITIES : NEED FOR REVIEW AND RECAST

Introduction

1. The 15-Point Programme for the Welfare of Minorities was introduced by the then Prime Minister in May 1983. The Programme is based on a three pronged approach, *viz.*, (i) prevention of communal riots and tackling the situation arising out of communal riots, (ii) ensuring adequate representation of the minority communities in employment under Central and State Governments as well as public sector undertakings, and (iii) introducing other measures such as participation of minorities under various developmental programmes, maintenance and development of religious places, Wakf properties and redressal of minority grievances. The Programme is in the nature of guidelines to be implemented by States/UTs and Central Ministries/Departments concerned.
2. **It has long been felt that the 15-Point Programme for the Welfare of Minorities amounts merely to issuing of Government orders, guidelines and advisories, or adoption of measures which do not play any substantive role in improving the social, economic or educational status of the minorities. Most of such guidelines and advisories issued by the Ministries/Departments do not result in any concrete action.**

Recasting the 15 Point Programme

3. It was perhaps on account of such criticism of this Programme, that the President of India, in his address to the Parliament on February 24, 1992 had announced that the 15-Point Programme would be recast to make it more effective in realizing its objectives. However, due to lack of seriousness in carrying through the exercise of recasting the programme to completion, the matter is pending since then, and has not really moved forward at all.
4. Any serious exercise to recast the 15-Point Programme for the Welfare of Minorities should ensure that the specific schemes and welfare interventions included in the programme satisfy the following parameters:
 - General guidelines, statements of good intent or action points which merely result in advisories issued to Central Ministries/Departments or State Governments should not be included in the 15-Point Programme.
 - Such programmes or schemes which address the social, economic and educational backwardness of the minority communities should be included in the recast 15-Point Programme for the Welfare of Minorities.
 - As far as possible, only such schemes should be included for which clear physical and financial targets can be laid down, which can further be split State-wise and district-wise to enable effective monitoring.

- For the time being, recasting of the 15-Point Programme should, as far as possible, not result in formulation of any new welfare scheme. Instead, suitable existing schemes should be identified for inclusion in the Programme. The intention at present is to develop a Minority Sub-Plan within the framework of selected existing schemes. No measure suggesting reservation in admission to educational institutions or employment in Government organisations needs to be included in the 15-Point Programme.
 - However, the position would need to be critically reviewed after the receipt of the report of the High Level Committee under the chairmanship of Justice Rajender Sachar on the social, economic and educational status of the Muslim community of India, and also the report of the National Commission to recommend measures for welfare of socially and economically backward sections among religious and linguistic minorities, constituted under the chairmanship of Justice Ranganath Misra, when it may become necessary to consider formulation of new developmental schemes to address specific issues of backwardness of the Muslim community.
5. In addition to the parameters suggested above, while recasting the 15 Point Programme care should be taken to ensure that there is separate earmarking of the physical and financial targets for the minority communities under each of the programmes/schemes, preferably in the ratio of the all-India population of each minority community. Thereafter, these targets should be further split State-wise for each minority community in the ratio of the population of the minority community in each State. This will ensure that the benefit necessarily reaches the target group in the proportion of the population of the group in each State.

New 15-Point Programme: An Agenda for the Welfare and Development of Minorities

6. Keeping in view the parameters outlined above, an exercise was conducted to cull out an exhaustive department-wise list of such developmental schemes, each of which address the issue of social, economic and educational backwardness, from which appropriate schemes may be selected for inclusion in the recast 15-Point Programme for the Welfare of Minorities.
7. A suitable collection of schemes have further been selected from among the exhaustive list of developmental schemes, which is given in **Appendix-I** as the **‘Prime Minister’s New 15-Point Programme for the Welfare of Minorities’**. Such schemes have been included in the programme as address the issue of backwardness of the minority communities and are specifically aimed at the social, economic or educational uplift of such communities.
8. It is essential to ensure that separate physical and financial targets are earmarked in each of the above schemes for different minority groups, which are further split up for different States and communicated to the Central Ministries concerned and the States/UTs for implementation. Moreover, close monitoring of the implementation of these schemes is also necessary to ensure that the benefits actually reach the minority communities.
9. The Ministry of Social Justice and Empowerment is finalising a Cabinet Note seeking approval of Government to the proposed New 15-Point Programme for the Welfare of Minorities.

Prime Minister's New 15-Point Programme for the Welfare of Minorities

Out of her concern for the welfare of the minorities, the then Prime Minister, Smt. Indira Gandhi, addressed a letter to Chief Ministers in May 1983 containing certain points relating to the development of the minorities. This letter covered 15 different aspects for action commonly known as the Prime Minister's 15-Point Programme for the Welfare of Minorities. These points were reiterated by Prime Minister, Shri Rajiv Gandhi, in his letter dated 28th August 1985 addressed to all the Chief Ministers.

A need has been felt to review and recast the 15-Point Programme, to sharply focus action on issues intimately linked with the social, educational and economic uplift of the minorities. Points relating to prevention of communal riots and provision of relief to victims of such riots continue to have an important place in the revised programme, but additional points more closely linked with the development of backward minorities, specifically related to provision of employment, improvement of educational opportunities and better living conditions have been included.

Based on the above, the '**Prime Minister's New 15-Point Programme for Welfare of Minorities**' has been formulated as under:

I. Enhancing opportunities for education

Educational backwardness is one of the primary reasons for continued poverty and deprivation of any community. Consequently, enhancement of opportunities for education is a necessary intervention to address the problem of backwardness of any community.

(1) Equitable availability of ICDS services

The Integrated Child Development Services (ICDS) Scheme is aimed at holistic development of children and pregnant/lactating mothers from disadvantaged sections, by providing services through Anganwadi Centres such as supplementary nutrition, immunisation, health check-up referral services, pre-school and non-formal education. A certain percentage of the ICDS projects and Anganwadi Centres will be located in blocks/villages with substantial population of minority communities to ensure that the benefits of this scheme are equitably available to such communities also.

(2) Improving access to school education

The surest way of enabling access to schools for children of a particular community is to locate schools in localities/villages predominantly inhabited by that community. New elementary schools are opened in various localities/villages all over the country under the Sarva Shiksha Abhiyan, the Kasturba Gandhi Balika Vidyalaya Scheme, and other similar Government schemes. It will be ensured that a certain percentage of all such schools are located in localities/villages having substantial population of minority communities.

(3) Greater resources for teaching Urdu

Urdu is the mother tongue of a large number of people, but there is inadequate provision for teaching of this language. Central assistance will be provided for recruitment and posting of Urdu language teachers in primary and upper primary schools that serve a population in which at least one-fourth belong to that language group.

(4) Modernising Madrasa Education

The Central Plan Scheme of Area Intensive and Madrasa Modernisation Programme provides basic educational infrastructure in areas of concentration of educationally backward minorities and resources for the modernisation of Madrasa education. Keeping in view the importance of addressing this need, this programme will be substantially strengthened and more effectively implemented.

(5) Scholarships for meritorious students from minority communities

It is crucial that poverty does not come in the way of continuation of studies of meritorious students from minority communities. Therefore, a Scheme for Pre-Matriculation and Post-Matriculation Scholarships for students from minority communities will be formulated and implemented.

(6) Improving educational infrastructure through the Maulana Azad Education Foundation

The Maulana Azad Education Foundation has been set up to promote education amongst the educationally backward minorities. It provides grants to establish or expand schools, purchase lab equipments and furniture, construct hostel buildings, or strengthen vocational/technical training facilities. Government shall provide all possible assistance to the Foundation, to strengthen and enable it to expand its activities more effectively.

II. Equitable share in economic activities and employment

No nation can develop fully till all communities and groups constituting it have an equitable share in economic opportunities and employment. Proactive measures become necessary when one or more communities lag behind and become increasingly marginalized. In such circumstances, focusing Government programmes towards these communities, with earmarking of targets, becomes necessary.

(7) Self-Employment and Wage Employment for the poor

(a) The Swarnajayanti Gram Swarozgar Yojana (SGSY) is the primary self-employment programme for rural areas, with the objective of bringing assisted poor families above the poverty line by providing them income generating assets through a mix of bank credit and governmental subsidy. The benefit of this programme should be adequately available to the minority communities also. Accordingly, a certain percentage of the physical and financial targets under the SGSY will be earmarked for beneficiaries belonging to the minority communities living below the poverty line in rural areas.

(b) The equivalent self-employment programme for the urban areas is the Swarnajayanati Shahari Rozgar Yojana (SSRY). It consists of two major components namely, the Urban Self-Employment Programme (USEP) and the Urban Wage Employment Programme (UWEP). A certain percentage of the physical and financial targets under USEP and UWEP will be earmarked to benefit people below the poverty line from the minority communities.

(c) The Sampoorna Grameen Rozgar Yojana (SGRY) is aimed at providing additional wage employment in rural areas, alongside creation of durable community, social

and economic infrastructure. A certain percentage of the allocation under SGRY will be earmarked for beneficiaries belonging to the minority communities living below the poverty line. Simultaneously, a certain percentage of the allocation will be earmarked for the creation of infrastructure in such villages which have a substantial population of minorities.

(8) Upgradation of skills through technical training

A very large proportion of the population of minority communities is engaged in low-level technical work or earn their living as handicraftsmen. Provision of technical training to such people would upgrade their skills and earning capability. Therefore, a certain proportion of all new ITIs will be located in areas predominantly inhabited by minority communities and a proportion of existing ITIs to be upgraded to 'Centres of Excellence' will be selected on the same basis.

(9) Enhanced credit support for economic activities

(a) The National Minorities Development and Finance Corporation (NMDFC) was set up with the objective of promoting economic development activities among the minority communities. The Corporation has been functioning since 1994. The Government is committed to strengthening the NMDFC by providing it greater equity support to enable it to fully achieve its objectives.

(b) Bank credit is essential for creation and sustenance of self-employment initiatives. A target of 40% of net bank credit for priority sector lending has been fixed for domestic banks. The priority sector includes, *inter alia*, agricultural loans, loans to small scale industries and small businesses, loans to retail traders, professionals and self-employed persons, educational loans, housing loans and micro-credit. It will be ensured that an appropriate percentage of the priority sector lending in all categories is targeted for the minority communities.

(10) Recruitment to State and Central Services

(a) In the recruitment of police personnel, State Governments will be advised to give special consideration to minorities. For this purpose, the composition of Selection Committees should be representative.

(b) The Central Government will take similar action in the recruitment of personnel to the Central Police Forces.

(c) Large scale employment opportunities are provided by the Railways, Nationalized Banks and Public Sector Enterprises. In these cases as well, the Ministries / Departments concerned will ensure that special consideration is given to recruitment from minority communities.

(d) The Government implements a number of schemes for pre-examination coaching of candidates belonging to weaker sections of society, including poor students from minority communities. An exclusive scheme will be launched for candidates belonging to minority communities to provide coaching in Government institutions as well as in reputed private coaching institutes which have a track record of showing good results in competitive examinations. Government will provide funds to pay

the fees on behalf of meritorious candidates from minority communities who enroll in these selected private institutes.

III. Improving the conditions of living of minorities

A very large number of people belonging to minority communities live in slums in urban areas, often ignored by the local government agencies. In rural areas, they are often amongst the poorest of the poor, not able to afford a proper house to live in.

(11) Equitable share in rural housing scheme

The Indira Awaas Yojana (IAY) provides financial assistance for shelter to the rural poor living below the poverty line. A certain percentage of the physical and financial targets under IAY will be earmarked for rural poor beneficiaries from minority communities.

(12) Improvement in condition of slums inhabited by minority communities

Under the National Slum Development Programme (NSDP), the Central Government provides assistance to States/UTs for development of urban slums through provision of physical amenities like water supply, storm water drains, widening and paving of existing lanes, sewers, community latrines, street lights etc. The funds under NSDP can also be used for provision of community infrastructure and social amenities like pre-school education, adult education, maternal and child health etc. A certain percentage of the physical and financial targets under this programme will be earmarked for slums predominantly inhabited by the minority communities.

IV. Prevention and control of communal riots

Prevention and control of communal riots is a basic duty of the State. However, in the past decades, minority communities have suffered loss of lives and property on account of communal violence. The welfare of minority communities is inextricably linked with the effectiveness of measures adopted to address this issue.

(13) Prevention of communal incidents

In the areas which have been identified as communally sensitive and riot prone, District and Police Officials of the highest known efficiency, impartiality and secular record must be posted. In such areas, and even elsewhere, the prevention of communal tension should be one of the primary duties of the DM and the SP. Their performance in this regard should be an important factor in determining their promotion prospects.

(14) Prosecution for communal offences

Severe action should be taken against all those who incite communal tensions or take part in violence. Special court or courts specifically earmarked to try communal offences should be set up so that offenders are brought to book speedily.

(15) Rehabilitation of victims of communal riots

Victims of communal riots should be given immediate relief and provided prompt and adequate financial assistance for their rehabilitation.

(Care shall be taken to ensure that wherever applicable, there is separate earmarking of the physical and financial targets for the minority communities under each of the programmes/

schemes, preferably in the ratio of the all-India population of each minority community. Thereafter, these targets shall be further split State-wise for each minority community in the ratio of the population of the minority community in each State. This will ensure that the benefit necessarily reaches the target group in the proportion of the population of the group in each State.)

BHARAT NIRMAN

1. The major challenge of our economic reform programme is that of balancing the growth process and bridging divides. One of the most significant divides in India has been that between urban and rural areas. As we deepen our economic reform process, we need to focus on spreading the benefits of reform to all Indians and this cannot happen unless we quickly bridge the divide in infrastructure between our rural and urban areas. Our capacity to do so has dramatically increased. Our financial, engineering and communication potential have given us an opportunity to close this gap in a very quick time. Our government sees Bharat Nirman as a time-bound plan for doing this.
2. As far as the Government is concerned, Bharat Nirman is an effort to unlock rural India's growth potential. It is a commitment of our Government to ensure that the neglect rural India would be corrected. It is also an indication of our impatience with an incremental approach in the field of rural infrastructure. Bharat Nirman is conceived as a four year time-bound business plan for achieving identified goals in six selected areas of rural infrastructure – irrigation, rural water supply, rural housing, rural roads, rural telephony and rural electrification. In four of these areas we would like to see universal coverage where every village in India having a population of over a thousand will have an all weather road, every habitation would have water supply, every village would have a telephone and every village would be electrified. In addition, we intend to build 60 lakh houses to address rural homelessness and add 10 million hectares of irrigation capacity.
3. The targets are ambitious but with active participation of the State Governments we hope to deliver on time.
4. Each of these goals is extremely critical for unleashing the process of growth in the rural areas of our country.
 - 4.1 There has been a steady decline in public investment in irrigation over the years. There have been a large number of projects which have been languishing for want of funds. Effort under Bharat Nirman is to identify all such projects and target their completion to create 10 million hectare of additional irrigation capacity. The Ministry has identified the major and medium irrigation projects amounting to four million hectare which could be completed as well as 2.8 million hectare that can come from minor irrigation. In addition there is a proposal for enhancing utilization of completed projects which would yield two million hectare. In addition ground water development could yield about an additional one million hectare. Increasing irrigation capacity is the most important investment to realize the agricultural growth potential of rural India.
 - 4.2 As far as roads are concerned, our effort is to connect all remaining habitations having a population of over a thousand, and all remaining unconnected habitations having a population above 500 in hilly and tribal areas through an all weather road. There are 66,802 such habitations. It has been established through several studies that the most significant dent on rural poverty is made through road connectivity.

- Bharat Nirman would ensure that every village in India has access to markets and services.
- 4.3 The rural housing shortage problem in India is estimated as about 15 million houses. We hope to cover a substantial portion of it – over 6 million houses – through Bharat Nirman in the next four years.
 - 4.4 The revolution in rural telephony has ensured that today most Indian villages have a telephone. There are, however, 66,822 villages without telephones and these will be covered by September 2007 so that every Indian village has access to telephony. We would, however, like to enlarge this goal to include increasing rural tele-density and also for access to data, for which certain major initiatives are currently under discussion.
 - 4.5 Despite an investment of nearly 50,000 crore in the last 25 years and massive coverage, we still have about 55,000 villages without safe source of water supply. We also have nearly three lakh villages which have slipped back from full coverage. The goal under Bharat Nirman is to ensure that every habitation (not village) is provided with a safe source of drinking water, as well as to ensure that habitations which have problems of water quality are also addressed.
 - 4.6 In the area of rural electrification, there has been a loss of momentum in the last few years. Over 100,000 villages remain unconnected. To correct this, we have initiated the Rajiv Gandhi Grameen Vidyutikaran Yojana. Our effort is to cover over all remaining villages by 2009 so that every village in India is electrified.
5. Bharat Nirman estimates an investment of over Rs. 1,74,000 crore. Most of this investment will come from Government. We are also proposing a specific financing window for Bharat Nirman through NABARD for funding selected components. The model of delivery – which would vary across components – proposes to involve the Panchayats and the Private Sector as partners. Panchayats will play a major role in the creation and management of rural assets in the times to come. The Planning Commission is working on ways to enhance the management of rural infrastructure programmes by Panchayats. State Governments and local bodies are critical to effective programme delivery. State Governments are key implementing agencies and Panchayats need to activate the demand side without which service delivery would not be effective.
 6. The agenda of Bharat Nirman is not new. These have been ongoing programmes. What we have sought is to impart to them a sense of urgency and time boundedness. We propose to deliver the goals of Bharat Nirman in a timeframe of four years, *i.e.*, up to 2009 which is the duration of this government.
 7. When Bharat Nirman was launched in the last budget as the flagship programme of this government for rural infrastructure, it received wide endorsement from elected representatives and the media. Their concerns were about timely delivery and quality of spending. Bharat Nirman would provide the platform on which to build on rural India's growth potential. Rural connectivity should enable the movement of goods and services and help amplify the efforts that the private sector is making to connect rural India to the markets. Opportunities with the bottom of the pyramid would become real as a very large market will begin to emerge.

8. Bharat Nirman will go hand in hand with considerable rural asset creation that will happen through the National Rural Employment Guarantee Act. It is an opportunity for an unprecedented knowledge explosion in our villages as they get effectively connected. New opportunities with communication technology can quickly integrate our villages with national and global markets and opportunities.
9. Bharat Nirman is not an agenda of the Government alone. It is a collective agenda. It is an agenda in which every Indian has a role either as a user or as a partner.
10. This Government is going to be measured on the basis of Bharat Nirman. It has the answer to the problem of Bijli, Sadak, Pani. We will be spending Rs.1,74,000 crore in four years. The important issue will be monitoring to ensure that tasks are completed on time and people perceive the difference in their local context. I would suggest that we develop a system for monitoring Bharat Nirman.

NATIONAL URBAN RENEWAL MISSION

1. Urban renewal is a major commitment in the National Common Minimum Programme. In keeping with this commitment, our Government launched the Jawaharlal Nehru National Urban Renewal Mission on 3rd December, 2005.
2. This Mission is not only the single largest initiative of the Government of India for a planned development of our cities but also responds to the long-standing demand for a countrywide programme for optimizing the vast untapped potential and vitality of our cities. As our economy integrates with the world economic system, the need to tap the potential of cities becomes compelling.
3. The 21st Century is a century of urbanization. We have already added 65 million persons to our urban population in the decade of the 90s. We are poised to have half of India living in its cities by the earlier part of this century. These cities are fast getting integrated with other cities of the world through communication technology for global economic activity. In short, these cities are the growth engines for the economy. It would therefore be wise to invest in the development of their infrastructure to enable them to spread prosperity across the land.
4. As we build infrastructure we must also improve the quality of living in cities. Our vision on urban development so far have been unidimensional – we have focused more on space and less on people. We need to have an integrated framework in which investment in space or urban infrastructure goes hand in hand with improvement in the quality of living of the ordinary people in the cities, especially the poorer sections. The integrating factor for these two components of urban infrastructure and urban basic services for the poor is governance reform. I am happy that this Mission has been structured with clear focus on these two components – urban infrastructure and basic services to the urban poor with governance reform as an overarching third component.
5. Governance reform should be seen as a catalyst for change and I will come to that first. Shri Rajiv Gandhi with great foresight had conceived the 74th Constitution Amendment for decentralization of power to the urban local bodies. While considerable ground has been covered under the 73rd Amendment relating to Panchayats, an honest assessment would show that the 74th Amendment has not yet been effectively translated into urban governance. Cities have not been enabled to look inward and build on their inherent capacities, both financial and technical, and instead are still being seen in many states as ‘wards’ of State governments. This should change. Jawaharlal Nehru National Urban Renewal Mission is a city-based programme. It will seek to build the capacity of cities for management. Cities have the financial muscle and the technical resources to rebuild themselves. We see the governance reform-related proposals in the Mission for a participation law, a disclosure law and so on as enabling the cities to locate human and financial resources for improving its services. To tap technical resources, the Mission envisages the creation of a Voluntary Technical Corps in each city.

6. Cities need to develop a long-term planning framework. The Planning Commission and the Ministries in consultation with States have developed an agenda of reform to persuade urban local bodies to look ahead. All previous efforts on city planning were limited because of “a project approach”. The problems of inadequate service and infrastructure levels, of inadequate investment in them, and the non-availability of adequate land and housing are much deeper and lie in our laws, systems and procedures, and the inability of local bodies to effectively use their powers and responsibilities.
7. The Mission is poised to enlist the support of a large number of partners. Infrastructure building today is an activity which will not be short financial resources as several infrastructure promoting organizations in the private sector are willing to support viable projects.
8. One major failure of city governance in India has been its apathy to the poor. A large number of urban residents today live in conditions that are an affront to basic human rights and the dignity of living. Urban planners, while planning in the minutest detail for even the recreational facilities of city residents, often ignore basic services to the urban poor in terms of affordable housing, water supply, sanitation and social services. On the component of urban basic services we must be innovative. Certain countries in Latin America have single cities in which more than 50% of the residents of those countries live. Many of them have addressed the problem of urban poor through an effective system of property rights. If only we consider options like giving urban poor rights at affordable rates on the lands on which they are today squatters, we may immediately see their private investment going into improving their housing stock. This in itself will improve the quality of living in cities. Property rights would enable them to use it as collateral. Bulldozers are no solution to the problems of urbanization. Cities need people to provide services and if so, people who provide these services have to have decent places for living. There is a seven point charter in the component for Urban Basic Services, the first of which is security of tenure. I would urge the state governments and the urban local bodies to address this issue with the seriousness it deserves.
9. There are several services like education, health care and social security like public distribution system and old age pension all of which are inadequately provided to the urban poor. This is because, while there is a designated agency that takes up the task in the rural areas, urban local bodies have not oriented themselves to ensuring that these universal services reach the urban poor. I would call upon the Ministry of Urban Employment and Poverty Alleviation to ensure through this component of basic services that the urban poor are effectively covered through a seven-point check list of (a) security of tenure, (b) improved housing, (c) water supply, (d) sanitation, (e) education, (f) health care and (g) social security while scrutinizing the project reports of the cities for approval.
10. The Mission should walk on its two legs of improved urban infrastructure and improved urban basic services so that the objectives of urban growth is beneficial to all its citizens. The role of governance reform in the Mission should be to catalyze a process that enables both.

11. **We should be in the forefront of urban renewal. Here we need to clear the misunderstanding that the programme is only about infrastructure. In fact it is for the first time an equal emphasis is being placed on urban basic services. For the first time we are suggesting that the urban poor must be made bankable for which they should get property rights. It is a new turn to the process of urban policy with exciting possibilities.**

DEVELOPMENT OF INFRASTRUCTURE : INITIATIVES BY THE GOVERNMENT

Importance of infrastructure for the Indian economy

1. India is the world's fourth largest economy, based on purchasing power parity, and among the fastest growing. It has grown at over 7.6% per annum for the last two years and is poised to grow at 8% per annum in the years to come. This robust growth has placed an increasing stress on the physical infrastructure such as power, roads, ports, airports and railways, which are already carrying a significant deficit from the past. There is consensus that the on-going growth in the manufacturing and service sectors would be constrained if infrastructure services do not keep pace. The government is, therefore, committed to building world-class infrastructure for improving the quality of life and enhancing competitiveness of the economy.
2. The public sector will continue to play a dominant role. However, it would not be feasible to mobilise the requisite resources from the public sector alone. Therefore, the role of private participation assumes importance. It is expected that as in the case of the telecom sector, competition and private investment in these sectors will transform the face of India's infrastructure. Government's current initiatives are focused on enabling such competition and private investment through creation of an enabling policy and regulatory environment as well as offering catalytic fiscal incentives where required. At the same time, protection of public interest is being ensured by institutionalising the necessary frameworks and processes for due diligence, checks and balances.

Committee on Infrastructure

3. For ensuring that the above objectives are fulfilled, the Prime Minister has constituted a Committee on Infrastructure, under his chairmanship, for steering the transition to an enabling policy and regulatory environment that would create world class infrastructure. The Committee includes the Finance Minister, the Deputy Chairman of the Planning Commission and the Ministers in-charge of the respective infrastructure Ministries. The Committee has met frequently during the past one year and has made a significant difference to the pace of decision-making and implementation.
4. Action Plans have been articulated for each infrastructure sector. These plans consist of several action-oriented measures, which have been taken up for implementation. These measures to be implemented in 2005-2012 are expected to fulfil the existing infrastructure needs as well as those that will emerge in the medium-term. An overview of the initiatives in each sector follows.

National Highways

5. For a country of India's size, an efficient road network is necessary both for national integration as well as for socio-economic development. The National Highways

(NH), with a total length of 65,569 km, serve as the arterial network across the country. The ongoing programme of four-laning the 5,900 km long Golden Quadrilateral (GQ) connecting Delhi, Mumbai, Chennai and Kolkata is nearing completion. The ongoing four-laning of the 7,300 km North-South East-West (NSEW) corridor is to be completed by December 2009. In its third meeting held on 13th January 2005, the Committee on Infrastructure adopted an Action Plan for development of the National Highways network. An ambitious National Highway Development Programme, involving a total investment of Rs. 1,75,000 crore upto 2012, has been established. The main elements of the programme, as envisaged, are as follows :

Four-laning of the Golden Quadrilateral and NS-EW Corridors (NHDP-I& II)

6. The NHDP Phase I and Phase II comprise of the Golden Quadrilateral (GQ) linking the four metropolitan cities in India, *i.e.*, Delhi-Mumbai-Chennai-Kolkata, the North-South corridor connecting Srinagar to Kanyakumari including the Kochi-Salem spur and the East-West Corridor connecting Silchar to Porbandar besides port connectivity and some other projects on National Highways. Four-laning of the Golden Quadrilateral is nearing completion. The projects forming part of NS-EW corridors are being awarded rapidly for completion by December 2009.

Four-laning of 10,000 km (NHDP-III)

7. The Cabinet has approved the four-laning of 10,000 km of high density national highways, through the BoT (Toll) mode. The programme will consist of stretches of National Highways carrying high volume of traffic, connecting state capitals with the NHDP Phases I and II network and providing connectivity to places of economic, commercial and tourist importance.

Six-laning of 6,500 km (NHDP-V)

8. Under NHDP-V, the Committee on Infrastructure has, approved the six-laning of four-lane highways comprising the Golden Quadrilateral and certain other high density stretches, through PPPs on Build, Operate and Transfer (BOT) basis. These corridors have been four-laned under the first phase of NHDP, and the programme for their six-laning will commence in 2006, to be completed by 2012. Of the 6,500 km proposed under NHDP-V, about 5,700 km shall be taken up in the GQ and the balance 800 km would be selected on the basis of approved eligibility criteria.

Development of 1,000 km of expressways (NHDP-VI)

9. With the growing importance of certain urban centres of India, particularly those located within a few hundred kilometers of each other, expressways would be both viable and beneficial. The Committee on Infrastructure has approved that 1,000 km of expressways be developed on a BOT basis, at an indicative cost of Rs. 15,000 crore. These expressways would be constructed on new alignments.

Two-laning of 20,000 km (NHDP-IV)

10. With a view to providing balanced and equitable distribution of the improved/widened highways network throughout the country, NHDP-IV envisages upgradation of 20,000 km of such highways into two-lane highways, at an indicative cost of Rs. 25,000 crore. This will ensure that their capacity, speed and safety match minimum benchmarks for national highways.

Other Highway projects (NHDP-VII)

11. The development of ring roads, bypasses, grade separators and service roads is considered necessary for full utilisation of highway capacity as well as for enhanced safety and efficiency. Therefore, a program for development of such features at an indicative cost of Rs. 15,000 crore, has been mandated.

Accelerated Road Development programme for the North East Region

12. The Accelerated North-East Road Development Project is under consideration, which will mainly provide connectivity to all the state capitals and district headquarters in the north-east. The proposal would include upgrading other stretches of NH and state highways considered critical for economic development of the north-east region.

Institutional initiatives

13. Steps are being taken for restructuring and strengthening of National Highways Authority of India (NHAI), which is the implementing agency for the National Highway programme. Institutional mechanisms have been established to address bottlenecks arising from delays in environmental clearance, land acquisition etc. A special focus is being given to traffic management and safety related issues through the proposed Directorate of Safety and Traffic Management. It is expected that the sum total of these initiatives would be able to deliver an efficient and safe highway network across the country.
14. In order to specify the policy and regulatory framework on a fair and transparent basis, a Model Concession Agreement (MCA) for PPPs in national highways has been mandated. It is expected that this common framework, based on international best practices, will significantly increase the pace of project award as well as ensure an optimal balance of risk and reward among all project participants.

Airports

15. The Committee on Infrastructure has initiated several policy measures that would ensure time-bound creation of world-class airports in India. A comprehensive civil aviation policy is on the anvil. An Airports Economic Regulatory Authority Bill for providing for independent economic regulation is also under consideration. The policy of open skies introduced some time ago has already provided a powerful spurt in traffic growth that has exceeded 20% per annum during the past two years.

16. Greenfield international airports at Bangalore and Hyderabad have been approved and are currently under construction. Modernisation and expansion of the Delhi and Mumbai airports through PPPs is in the final stages of bid evaluation and award. Other major airports such as Chennai and Kolkata are also proposed to be taken up for modernisation through the PPP route. Similarly, to ensure balanced airport development around the country, a comprehensive plan for the development of other regional airports is also under preparation. These measures are expected to bring a total investment of Rs. 40,000 crore for modernisation of airport infrastructure.
17. On the analogy of the highway sector, a Model Concession Agreement is also being developed for standardising and simplifying the PPP transactions for airports. Further, proposals for revamping the Airports Authority of India are to be finalised soon. This would include upgrading of the ATC (Air Traffic Control) services at the airports. Issues relating to customs, immigration and security are also being resolved in a manner that enhances the efficiency of airport usage.

Ports

18. The experience of operating berths through PPPs at the major ports in India has been quite successful. It has, therefore, been decided to expand the programme and allocate new berths to be constructed through PPPs. A model concession agreement is being formulated for this purpose.
19. Government has also decided to empower and enable the 12 Major Ports to attain world-class standards. To this end, each Port is preparing a perspective plan for 20 years and a business plan for seven years. International experts have been engaged for assisting the Ports in this exercise, which is likely to be completed by April 2006. Recognising that the shipping industry is moving towards large vessels, a plan for capital dredging of major ports has also been initiated for implementation.
20. A high level committee has finalised the plan for improving rail-road connectivity of major ports. The plan is to be implemented within a period of three years. Further, changes in customs procedures are being carried out with a view to reducing the dwell time and transaction costs. The government has also delegated enhanced powers to the respective Port Trusts for facilitating speedier decision-making and implementation. At the same time, several measures to simplify and streamline procedures related to security and customs have also been initiated.
21. The Action Plan approved by the government is expected to bring a total investment of Rs. 60,000 crore in port infrastructure. Such improvement in the scale and quality of Indian port infrastructure will significantly improve India's competitive advantage in an increasingly globalised world.

Railways

22. The rapid rise in international trade and domestic cargo has placed a great strain on the Delhi-Mumbai and Delhi-Kolkata rail track. Government has, therefore, decided to build a dedicated freight corridor on these high-density routes. The investment is

expected to exceed Rs. 20,000 crore. Requisite surveys and project reports are in progress and work is expected to commence within a year.

23. With increasing containerisation of cargo, the demand for its movement by rail has grown rapidly. So far, container movement by rail was the monopoly of a public sector entity, CONCOR. Beginning 2006, container movement would be thrown open to competition and private sector entities would be eligible for running container trains.
24. Tariff rationalisation and effective cost allocation mechanisms are also on the anvil. This includes a methodology for indexing the fare structure to line haul costs. Efforts aimed at introducing commercial accounting and information technology systems are also underway.

Catalytic schemes to promote infrastructure development

25. Several infrastructure projects, despite being economically viable, are financially unviable. The lack of financial viability usually arises from long gestation periods and limited financial returns, often caused by the inability to increase user charges to commercial levels. The government is committed to supporting such projects by providing a viability gap grant. Under a scheme approved recently, projects in infrastructure sectors such as power, roads, ports, airports, railways, water supply and urban transport will be eligible for a viability gap grant.
26. A special Purpose Vehicle (SPV), called the India Infrastructure Finance Corporation Limited (IIFC) is also being set up to lend funds with longer term maturity to commercially viable projects in infrastructure sectors, including projects which become viable after receiving viability gap funding from the government. The purpose is to supplement the loans from banks and financial institutions, which are currently deficient in providing long-term debt. The scheme shall ensure that infrastructure projects which may be rendered unviable due to long gestation periods are not neglected due to unavailability of long term debt in the financial markets.
27. The twin schemes for viability gap funding and long-term debt to infrastructure projects are an effort to address the critical gaps in private sector financing of infrastructure. Through this package, the government aims at leveraging scarce budgetary resources for attracting a large pool of private capital.
28. Private investment requires a policy framework which can enable an adequate rate of return and also an independent regulatory system which is seen to be fair by consumers and also by producers. In power (CERC and SERCs) and telecommunication (TRAI) sectors, regulatory authorities have been set up with extensive functions. In the highways sector, regulation has relied mainly on the concession agreement, while in ports, the role of the Regulatory Authority (TAMP) is confined to tariff setting. In the airports sector, the Airports Economic Regulatory Authority (AERA) Bill is under discussion.

**Illustrative List of Infrastructure Sectors with FDI upto 100%
under Automatic Route**

- Electricity generation (except atomic energy)
- Electricity transmission
- Electricity distribution
- Mass Rapid Transport System
- Roads and highways
- Toll roads
- Vehicular bridges
- Ports and harbour
- Hotel and tourism
- Townships, housing, built-up infrastructure and construction development projects

FOREIGN POLICY INITIATIVES – DEVELOPMENTS IN 2005

1. 2005 has been an eventful year for India's foreign policy projections. The country acquired a pivotal role in world affairs backed by the growth of its economy, the dynamism of its people and the credibility of its democratic institutions. India is poised today to enter a new era in foreign policy. This derives from our ability to adjust to change inherent in the economic and social domestic scenario, our position as a Nuclear Weapon State, our proven and growing capability to shoulder regional and global responsibilities, and the consequent change in global expectations of India as an increasingly influential player on the international stage.
2. India's focus has increasingly been on international issues that today constitute priority challenges – terrorism, proliferation of WMD, pandemics, environmental depredation and disaster management. Through a vigorous and articulate diplomatic effort, we have been able to explain our positions and advance our interests.
3. Corresponding to the country's economic growth and technological development, India has enlarged trade and investment relations with developed countries and expanded economic and technical cooperation with fellow developing countries, reinforcing our long-standing ties of political solidarity.

I. Neighbourhood

SAARC

4. India's approach to SAARC envisaged and furthered the shared goal of collective prosperity through regional economic integration. At the Dhaka SAARC Summit in November 2005, India called upon its regional partners to recapture the region's role as a crossroads of culture and commerce. We also underlined the utmost necessity for SAARC to remove the barrier to the free flow of goods, peoples and ideas within our own region. India called for an agreement that all South Asian countries would provide to each other reciprocally :
 - (a) transit facilities to third countries not only connecting to one another but also connecting to the larger Asian neighbourhood in the Gulf, Central Asia and South East Asia.
 - (b) India offered to all SAARC neighbours, on a reciprocal basis the facility of daily air services by designated airlines to all metropolitan and 18 other cities.
 - (c) India also suggested :
 - A regional food bank
 - A South Asian University
 - A SAARC Museum of Textiles and Handicrafts
 - South Asian energy dialogue
 - SAARC multi-nodal connectivity
 - SAARC Centre for Disaster Management

5. The Summit accepted India's offer to set up a SAARC Centre for Disaster Management and India endorsed a South Asian Economic Union by the year 2020. A meaningful milestone has been achieved with the SAFTA (South Asian Free Trade Agreement) coming into force from January 1, 2006.
6. With Bhutan, Sri Lanka and Maldives, India has especially warm, cordial and extensive relations. These have been reinforced through sustained political dialogue, economic and commercial exchanges and close rapport between the political leadership. The newly elected President of Sri Lanka, Mahinda Rajapakse, who assumed office in November 2005 has visited India in December 2005. India has extended three Lines of Credit to Sri Lanka totalling US\$ 381 million, which are currently operational.
7. India's engagement with Nepal has been sustained with a view to strengthening constitutional forces, re-establishing political stability, encouraging social cohesion and promoting economic regeneration. The assurances given to us by the King of his commitment to multi-party democracy signal a positive development.
8. India's bilateral interaction with Bangladesh has been wide-ranging and consistent. At the same time, the spurt in violence and extremism, as also the continued operation of forces inimical to India from Bangladeshi soil are sources of worry.
9. India's relations with Myanmar progressed substantially, given the strategic and border management dimensions, the need to achieve development and economic integration of India's North-Eastern Region with Western Myanmar through cross-border infrastructure development.
10. India-Pakistan relations made steady progress. The commitment to ensure a peaceful settlement of all pending issues was reaffirmed through a Joint Statement after the meeting between the Prime Minister and President Musharraf in New York in September 2005. Following the earthquake on October 8, 2005, India's prompt delivery of relief assistance, pledge of US\$ 25 million and opening of five points on the LOC for movement of people and relief material were an unmistakable expression of India's goodwill. For its part, Pakistan released 435 Indian prisoners including 371 fishermen in pursuance of an agreement reached in August 2005. Amritsar-Lahore bus service is to start from January 20, 2006. However, the great caveat remains, that bilateral relations can thrive only in an atmosphere free from violence and terrorism.
11. Prime Minister's visit to Afghanistan in August 2005 consolidated the bilateral relationship. PM reaffirmed India's support to the goal of a sovereign, stable and prosperous Afghanistan. India's contribution of US\$ 550 million for projects in the areas of infrastructure, institutional and human resource development is an expression of our abiding partnership with Afghanistan. This will not be disrupted or sidetracked even by violent tactics like the unfortunate killing of BRO (Border Roads Organisation) official, Maniyappan Raman Kutty, for which responsibility rests with the Taliban and its backers.
12. With China, our largest neighbour, we have forged a strategic and cooperative partnership. The Agreement on the Political Parameters and Guiding Principles signed in April 2005, during the visit of Chinese Premier Wen Jiabao, signified a substantive upgradation in our bilateral dialogue on the boundary question. Both countries have taken a forward looking approach and our bilateral trade has expanded exponentially.

13. India's ties with Japan are growing in substance and strategic significance, and are particularly relevant to addressing India's infrastructural challenges. The global partnership with Japan was substantially enhanced with the visit to India of Prime Minister Junichiro Koizumi in April 2005. The Eightfold Initiative in bilateral cooperation and the agreement on closer collaboration to secure peace, stability and prosperity in Asia are bound to bring the two countries together in more intensive engagement.

II. ASEAN

14. India's Look East Policy, its partnership with the ASEAN, our active engagement with BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Economic and Technical Cooperation) are part of an irreversible process of integration of our economy with that of South East Asia. The Fourth India-ASEAN Summit in Kuala Lumpur in December 2005 and Prime Minister's participation in the East Asia Summit have signified India's growing role and importance in the evolving global economy.
15. The Comprehensive Economic Cooperation Agreement signed with Singapore and similar model being developed with Thailand, and Joint Study Group set up for conclusion of FTA with Malaysia, Indonesia, Japan and Korea signal the importance attached to closer inter-linkages with this dynamic region.

III. Gulf and West Asia

16. We have devoted considerable energies to building upon the traditional and historical bonds with this region, which is of crucial importance to India. We value our partnership with the Central Asian nations which, together with the Gulf and West Asia, have an essential and vital contribution to make to our energy security. In an historic development, the King of Saudi Arabia is to be the Chief Guest at our Republic Day celebrations.

IV. Europe-EU

17. India's relations with EU were upgraded to a strategic partnership at the 5th India-EU Summit in 2004. The New Delhi Summit of September, 2005 under the Presidency of UK adopted a Joint Action Plan to strengthen political dialogue, enhancement of economic policy dialogue and cooperation to promote trade and investment. Separately, India has established strategic partnerships individually with UK, France and Germany. Prime Minister's visit to France in September 2005 and the French President's return visit to India in February 2006 are expected to give new momentum to this relationship. The EU continues to be India's largest trading partner.

V. India-US

18. The transformation of India-US relationship has been one of the most significant development in India's diplomatic outreach. Prime Minister's visit in July, the Joint Statement of July 18, the Science and Technology Framework Agreement of October, the new framework of defence relationship of June and the India-US energy dialogue initiated in May 2005, have the potential to fundamentally re-define India-US relationship. The decision of the two

Governments to work to achieve full civil nuclear energy cooperation is proof of a relationship of equality and trust.

VI. India-Russia

19. Prime Minister's visit to Russia in December 2005 was intended to bring about a comprehensive re-engagement between the two countries. Both countries were able to set out a practical and achievable agenda for action to cover bilateral trade, investment, cooperation in high technology areas, defence and energy security.

VII. India-Latin America

20. India has intensified its engagement and expanded its trade and investment with the oft-neglected Latin American and Caribbean region. The relations with Brazil have been deepened in the context of our perception of Brazil as a strategic partner bilaterally, trilaterally (IBSA) and multilaterally (G-4 and G-20). We have also secured a very large oil-field for ONGC Videsh Limited in Venezuela. For the first time, we had India-SICA (8 Caribbean countries) and India-Caricom (14 Caribbean community countries) ministerial-level interactions in 2005 as part of our initiative to establish dialogue and cooperation with the smaller countries in the region. Our exports to the LAC region will be touching three billion dollars in 2005, up from two billion dollars in 2004. PTAs negotiated with MERCOSUR (Brazil, Argentina, Uruguay and Paraguay) and Chile are expected to further enhance bilateral trade.

VIII. India-Africa

21. We have made special efforts to revive our traditional ties with the African continent. The Pan-African E-Network Project, for which an MOU has recently been signed between India and AU (African Union), is designed to bridge the digital divide in Africa. It will use Indian expertise in areas like IT, education and healthcare to deliver affordable distance education and medical services in remote locations. It will also put in place a VVIP network offering secure video conferencing and VOIP facilities to all African Heads of States and Governments. India will meet the entire hardware and software cost for setting up a prototype of this network and for running it for five years, and will take responsibility for training local personnel who can effectively take charge of the network after the initial five-year period. This initiative stems from our vision to use state of the art technology for addressing the grass roots developmental needs of the African continent.
22. This template is being replicated in some countries of South East Asia and the Gulf.
23. Recognising that availability of long-term capital on affordable terms is a key pre-requisite for economic development. India has extended concessional lines of credit to the tune of over a billion dollars to a number of friendly countries in Africa for projects ranging from road and rail transport to agricultural machinery and food processing.
24. India has always provided steadfast support to peacekeeping efforts in different parts of Africa. We were among the first to go to Biafra in the 60s; we participated in UN operations in Somalia and Sierra Leone and we have, even now, a contingent of 3,500 troops in the Democratic Republic of Congo and a smaller contingent on the Ethiopia-Eritrea border.

25. The ITEC programme, which has been extremely popular in Africa, currently provides training to over one thousand officials annually.

IX. India-UN

26. India has assiduously campaigned for the reforms of the UN expansion of the UN Security Council in both permanent and non-permanent categories of membership in the belief that management of global interdependence requires strong, representative, international institutions and a rule-based multilateral system. The G-4 Framework Resolution has made UN reforms a central issue which can no longer be ignored or disregarded. Support for India's legitimate claim to a permanent seat also continues to grow stronger and broader.
27. It was a signal recognition of India as a vibrant, functioning democracy that the Indian Prime Minister was called upon, together with President Bush and the UN Secretary General, to launch the UN Democracy Fund, to which India's initial contribution is US\$ 10 million. India's active involvement in the Community of Democracies and its endorsement of the Global Democracy Initiative provide us a valuable instrument to share our rich experience, institutional capabilities and training infrastructure with nations that share our values and ideals.

Conclusion:

28. The most notable feature of India's foreign policy therefore, has been its success in developing and strengthening partnerships with major powers of the world in the strategic, economic and technological spheres, thus enlarging our policy choices and developmental options.

**ACHIEVEMENTS
OF THE
U.P.A. GOVERNMENT**

2004 – 2005

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