Chapter 8: Finance

Introduction

The Ministry of Finance is responsible for administration of **finances of the government.** It concerns itself with taxation, financial legislation, financial institutions, capital markets, centre and state finances, and the Union Budget.

- The Ministry is also the cadre controlling authority of the Indian Revenue Service,
- Indian Economic Service, Indian Cost Accounts Service and Indian Civil Accounts Service.

This Ministry consists of **six departments,** namely, (i) Economic Affairs, (ii) Expenditure, (iii) Revenue, (iv) Investment and Public Asset Management, (v) Financial Services, and (vi) Public Enterprises

Department of Economic Affairs

- The Department of Economic Affairs is the nodal agency of the government to formulate and monitor country's economic policies and programmes having a bearing on domestic and international aspects of economic management.
- A principal responsibility of this Department is the preparation and presentation of the
- **Union Budget (including Railway Budget)** to the Parliament and budget for the state governments under **President's Rule and union territory administrations.**
- All the external, financial and technical assistance received by India, except through
- specialized international organizations like FAO, ILO, UNIDO and except under
- international bilateral specific agreement in the field of science and technology, culture and education is also monitored by this Department.
- Department of Economic Affairs (DEA) is divided into **fourteen functional Divisions.**
- The Directorate of Currency has the administrative control of the Security Printing and Minting Corporation of India Limited (SPMCIL), a wholly owned Government of India Corporation that manages Government of India mints, currency presses, security presses and security paper mill.

Annual Financial Statement

- **Under Article 112 of the Constitution,** a statement titled '**Annual Financial Statement'** of estimated receipts and expenditure of the Government of India has to be laid before Parliament in respect of every financial year. This statement is the main Budget document.
- The Annual Financial Statement shows the receipts and payments of government under the **three parts** in which government accounts are kept: (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.
- **Consolidated Fund**
    - All revenues received by the government, loans raised by it, and also its receipts from recoveries of loans granted by it, form the Consolidated Fund.
    - All expenditure of the government is incurred from the Consolidated Fund and no amount can be withdrawn from the Fund without authorisation from **Parliament.**
- **Contingency Fund**
    - On the occasions of urgent unforeseen expenditure, the Contingency Fund is placed at the disposal of the President to incur such expenditure.
    - **Parliamentary approval** for such expenditure and for withdrawal of an equivalent

    - amount from the Consolidated Fund is subsequently obtained and the amount spent from Contingency Fund is subsequently recouped to the Fund.
    - The corpus of the Contingency Fund **authorised by the Parliament**, at present, is **500 crore.**
- **Public Account**
    - Certain transactions where the government acts more as a banker, for example, transactions relating to provident funds, small savings collections and other deposits, etc, are kept in the Public Account.
    - Parliamentary authorisation for such payments from the Public Account is **not required.**
    - Under the Constitution, the Budget has to distinguish expenditure on revenue account from other expenditure. Government Budget, therefore, comprises (i) **Revenue Budget; and (ii) Capital Budget.**

Demands for Grants

- The estimates of expenditure from the Consolidated Fund included in the Annual Financial Statement and required to be voted by the Lok Sabha are submitted in the form of Demands for Grants in pursuance of **Article 113 of the Constitution.**
    - Generally, one Demand for Grant is presented in respect of each ministry or department.
    - However, in respect of large ministries or departments more than one demand is presented.
- Each demand normally includes the t**otal provisions required for a service**, that is, provisions on account of revenue expenditure, capital expenditure, grants to state and union territory governments and also loans and advances relating to the service.
- In regard to union territories without legislature, a separate Demand is presented for each of the union territories.
    - Where the provision for a service is entirely for expenditure charged on the Consolidated Fund, for example, interest payments, a separate Appropriation, as distinct from a Demand, is presented for that expenditure and it is not required to be voted by Parliament.
    - Where, however, expenditure on a service includes both ‘voted’ and ‘charged’ items of expenditure, the latter are also included in the Demand presented for that service but the ‘**voted’ and ‘charged’** provisions are shown separately in that **Demand.**
- The Demands for Grants are presented to the Lok Sabha along with the Annual Financial Statement.

Finance Bill

- At the time of presentation of the Annual Financial Statement before Parliament, a Finance Bill is also presented in fulfilment of the requirement of **Article 110 (1) (a)** of the Constitution, detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget.
- A Finance Bill is a **Money Bill** as defined in **Article 110 of the Constitution.** It is
- accompanied by a Memorandum explaining the provisions included in it.

Appropriation Bills

- After the Demands for Grants are voted by the **Lok Sabha,** Parliament’s approval to the withdrawal from the Consolidated Fund of the amounts so voted and of the amount required to meet the expenditure charged on the Consolidated Fund is sought through the **Appropriation Bill.**
- Under **Article 114 (3) of the Constitution**, no amount can be withdrawn from the Consolidated Fund without the enactment of such a law by Parliament.

Supplementary Demands for Grants

- When the allocated funds for a specific service are deemed inadequate during the fiscal year or if there arises a requirement for additional expenditure on a new service not initially included in the **annual financial statement.**

- Parliament must be presented with a proposal for supplementary Demands for Grants.
  - This proposal is necessary to cover the shortfall or cater to the unforeseen expenditure.
  - It ensures that the government has the necessary funds to meet its obligations and implement new services as needed.
- The supplementary Demands for Grants proposal is a mechanism for seeking parliamentary approval for additional funds beyond what was initially allocated.

Sources of Revenue

- **The Constitution (Eightieth Amendment) Act, 2000,** retroactively effective from **April 1, 1996,** stipulates that all taxes mentioned in the Union List, excluding those specified in **Articles 268 and 269,** surcharge on taxes and duties under **Article 271,** and any cess for specific purposes, shall be collected by the Government of India.
- The distribution of these taxes between the **Union and the states** is determined by the President based on the recommendations of the Finance Commission.
- For the period of **2021-2026,** the distribution of central taxes and duties between the center and the states is outlined in the Explanatory Memorandum, following the recommendations of the Fifteenth Finance Commission, presented in Parliament.
- The main sources of Union tax revenue include Central Goods and Services Tax, Customs duties, Union Excise duties, Service tax, Corporate and Income taxes.
  - Non-tax revenues consist largely of interest receipts, dividends/profits, fines, and miscellaneous receipts collected in the exercise of sovereign functions, regulatory charges, license fees, and user charges for publicly provided goods and services.

Public Debt and Other Liabilities

- The Public Debt of India is classified into three categories of Union Government liabilities into internal debt, external debt and other liabilities.
- Internal debt for the government largely consists of **fixed tenure and fixed rate government papers (dated securities and treasury bills)** which are issued through auctions.
  - These include market loans (dated securities), treasury bills (91, 182 and 364 days) and 14 days treasury bills (issued to state governments only), cash management bills, special securities issued to the RBI, compensation and other bonds, non-negotiable and non-interest bearing rupee securities issued to international financial institutions and securities issued under market stabilization scheme with a view to reduce dependency on physical gold and reduce imports.
- External debt represents loans received from **foreign governments and multilateral institutions.** At present, the Union Government does not borrow directly from international capital markets.
- Its foreign currency borrowing takes place from multilateral agencies and bilateral
- sources, and is a part of **official development assistance (ODA).**
- “Other” liabilities, **not a part of public debt**, includes other interest bearing obligations of the government, such as post office saving deposits, deposits under small savings schemes, loans raised through post office cash certificates, provident funds and certain other deposits.
- RBI manages the public debt of the central and state government and also acts as a
- banker to them under the provisions of the **Reserve Bank of India Act, 1934 (Section 20 and 21).**
- RBI also undertakes similar functions for the state governments by agreement with the government of the respective state (**under Section 21A**).

Public Debt

- **The financial instruments issued include:**
  - Securities aimed to finance state governments, commercial banks, and other entities.
  - Non-negotiable, non-interest bearing rupee securities issued to international financial institutions.
- **External debt consists of loans from:**
  - Foreign countries.

    - International financial institutions.
    - Other parties.
- **"Other liabilities" encompass various obligations such as:**
    - Outstanding amounts from small saving schemes.
    - Obligations towards provident funds.
    - Securities issued to oil marketing companies, fertilizer companies, and the Food Corporation of India.
    - Reserve funds and deposits.
    - Additional miscellaneous items.

Gender and Child Budgeting

- Budget provision for BE 2023-24:
    - **Rs 88,044.21 crore** allocated for **100% women-specific programs.**
    - **Rs 1,35,175.54 crore** allocated for schemes with at least **30% allocation** for women-specific programs.
- "**Provision for schemes for the Welfare of Children**" included since the financial year 2009-10.
- Indicates provision for educational outlays, child protection, etc.
- Allocation for BE 2023-24 under **'Welfare of Children'** is about 1 crore.

Welfare of SCs & STs

- Since **2005-06**, separate statements regarding schemes for the welfare of Scheduled Castes (SCs) and Scheduled Tribes (STs) have been included in Budget Documents.
- These statements provide **Ministry/Department** wise details of fund allocation for SCs and STs.
- It includes Actual expenditures of the previous year, year-wise Budget Estimates, Revised Estimates of the current year, and Budget Estimates of the next financial year.

Economic Growth

- Provisional estimates (PE) of annual national income for 2022-23 released by the National Statistical Office.
- Real GDP growth for 2022-23 recorded at **7.2%, surpassing the projected 7% growth based on second advance estimates (SAE).**
- Indian economy demonstrates strong resilience, with higher growth compared to projections by international agencies.
    - **Industrial sector** growth in 2022-23 at 4.4%, up from 11.6% in 2021-22.
    - **Services sector** growth in 2022-23 at 9.5%, compared to 8.8% in 2021-22.
- Real Gross Value Added (GVA) in the Services sector fully rebounds to pre-pandemic levels in 2022-23.

Climate Finance

- Climate finance is crucial for India's climate actions.
- India's climate actions have been mainly financed domestically.
    - Funding sources include government budgetary support, market mechanisms, fiscal instruments, and policy interventions.
- At the **15th Conference of Parties (COP15)** of the UNFCCC in Copenhagen in 2009, developed countries pledged to mobilize USD 100 billion annually by 2020 for developing countries' needs.
- **At COP21 in Paris**, it was agreed to extend the USD 100 billion per year goal until 2025.

Sovereign Green Bonds

- **Union Budget 2022-23** aimed to reduce the carbon intensity of the economy.
- Introduced Sovereign Green Bonds to achieve this goal.
- Sovereign Green Bonds aim to attract finance from potential investors.
- Funds raised will be directed towards **public sector projects.**

- These projects are focused on **reducing carbon intensity.**
- The initiative seeks to align financial investments with environmental objectives.
- The **Government of India** expects to leverage investor interest in sustainable projects.

Balance of Payments

- Current account balance deficit increased from **1.2% of GDP in 2021-22 to 2.0% in 2022-23.**
- Trade deficit widened from **USD 189.5 billion to USD 265.3 billion** in the same period.
- Net invisible receipts rose in 2022-23 due to increased net exports of services and net private transfer receipts.
- Despite this, net income outgo was higher than the previous year.
- Net FDI (Foreign Direct Investment) inflows **decreased** from USD 38.6 billion in 2021-22 to USD 28.0 billion in 2022-23.

Foreign Exchange Reserves

- India's Foreign Exchange Reserves were USD 578.45 billion by March 2023, down from USD 607.3 billion in March 2022.
- Despite the **decrease**, the reserves were still substantial, covering over 9 months of projected imports for 2022-23.

Financial Stability

- The government declared bullion spot delivery contracts and bullion depository receipts with underlying bullion as "securities."
- Additionally, Electronic Gold Receipts (EGR) were also categorized as **"securities**."
- Zero coupon zero principal instruments were declared as "securities" under the **Securities Contracts (Regulation) Act, 1956.**
- **Non-profit organizations (NPOs)** are subject to restrictions on issuing debt, equity, and units, except for section 8 companies, which are exempt from these restrictions by law.

India's Maiden International Financial Service Centre — GIFT IFSC

- The Government of India established India's first IFSC (International Financial Services Centre) in the **GIFT City in 2015.**
- GIFT IFSC benefits from a large domestic economy, skilled workforce in finance and IT, and a significant diaspora interested in India's growth opportunities.
    - Its goal is to become a global financial services hub by leveraging cost advantages, robust regulations, and ease of doing business.
- The IFSC in GIFT City was ranked at the **top among 15 global centers** likely to grow in significance by the **Global Financial Centres Index report (March 2021).**
- The IFSCA (International Financial Services Centres Authority) aims to make technology available, accessible, and affordable.
- IFSCA is focused on developing a world-class FinTech hub and promoting FinTech initiatives in financial products and services.
- To achieve this, IFSCA has introduced a Regulatory and Innovation Sandbox framework.

Computer Security Incident Response Team-Finance Sector (CSIRT-Fin)

- In pursuit of fortifying the financial sector's cyber security landscape and enhancing the robustness of cyber security measures, CSIRT-Fin was established as a specialized unit **under CERT-In in 2020.**
- The unit, inter alia, operates under the strategic guidance of a strategic advisory committee comprising key stakeholders, which deliberates on governance structures and strategic roadmap and assesses the current cyber security posture of the financial sector.

Fiscal Responsibility and Budget Management Framework

- The Fiscal Responsibility and Budget Management (FRBM**) Act, 2003,** amended in **2018,** aims to ensure inter-generational equity in fiscal management and long-term macroeconomic stability.
- It seeks to remove fiscal impediments for effective monetary policy and prudential debt management while ensuring fiscal sustainability.
- The Act imposes limits on central government borrowing, debt, and deficits.
- It promotes **greater transparency** in the fiscal operations of the central government.
- The Act mandates the central government to conduct fiscal policy within a medium-term framework.
- The central government is required to lay down several statements in **both houses of Parliament**, including the medium-term Fiscal Policy statement, the Fiscal Policy Strategy Statement, the Macro-economic Framework Statement, and the Medium-term Expenditure Framework Statement.

Financial Stability and Development Council

- The Financial Stability and Development Council (FSDC) was **established in 2010** to bolster and institutionalize mechanisms for maintaining financial stability.
- It serves as the highest-level forum aimed at enhancing inter-regulatory coordination and promoting the development of the financial sector.
- The council's responsibilities include monitoring macro prudential supervision of the economy, which involves overseeing the operations of large financial conglomerates.
- Additionally, the FSDC addresses issues pertaining to inter-regulatory coordination and the development of the financial sector, such as financial literacy and inclusion.

Public Private Partnership

- Private investment in infrastructure is primarily facilitated through **Public-Private Partnerships (PPPs),** allowing governments to leverage the expertise of the private sector in crucial infrastructure sectors.
- PPPs are essential for addressing infrastructure gaps and improving service delivery efficiency.
- In India, various PPP models are utilized, including Build-Operate-Transfer (BOT), Design-Build-Finance-Operate-Transfer (DBFOT), Rehabilitate-Operate-Transfer (ROT), Hybrid Annuity Model (HAM), and Toll-Operate-Transfer (TOT).
- The BOT model has **two variant**s - BOT (Toll) and BOT (Annuity), with traffic risk allocated to either the concessionaire or the public authority.
- The Public Private Partnership Appraisal Committee (PPPAC) is the apex body for PPP project appraisal in the Central Sector, ensuring swift evaluations, adherence to international best practices, and uniformity in guidelines.
- PPPAC, chaired by the Secretary of the Department of Economic Affairs (DEA), has approved **79 projects totaling 2,27,268.1 crore from FY 15 to FY 23.**
- The **Viability Gap Funding (VGF)** scheme, initiated in **2006,** supports economically desirable but financially unviable PPP projects, providing up to 40% of Capital Expenditure (Capex) and 50% of Operating Expenditure (Opex) for five years post-Commercial Operation Date (CoD).
- Social sector projects receive VGF under **Sub Scheme-I and Sub-Scheme-2,** with varying contribution percentages from the Government of India (GoI) and State Governments.
- Between 2014-15 and 2022-23, the VGF Scheme granted In-Principle Approval for 56 projects and final approval for 27 projects, with a total approved VGF of 5813.6 crore.
- **The India Infrastructure Project Development Fund Scheme (IIPDF)**, introduced in **November 2022,** aims to support project development expenses of PPP projects with a total outlay of ₹150 crore for FY 23 to FY 25.
    - Under the IIPDF Scheme, a maximum funding of ₹5 crore for a single proposal can be availed to cover consultant/transaction adviser costs, with any funding requirements beyond that borne by the project-sponsoring authority.

National Monetisation Pipeline

- The National Monetisation Pipeline (NMP) is based on the idea of generating capital by monetizing assets and attracting private sector investment for infrastructure development.

- The estimated total monetisation potential under the **NMP is Rs 6.0 lakh crore** over a **four-year period from FY 20-25**.
- Monetisation involves leasing government-owned assets to private entities for a limited period, with the funds received reinvested into new infrastructure or other public purposes.
- The NMP encompasses over **20 asset classes across more than 12 line** ministries/departments, with roads and railways contributing approximately 52% of the total value.
- Against the **FY 22 target** of Rs 0.9 lakh crore worth of investments, Rs 0.97 lakh crore has been achieved in sectors such as roads, power, coal, and mines.
- The cumulative investment potential from completed transactions is estimated at 9.0 lakh crore.
- The **FY 23 target** for core-Asset Monetisation is set at Rs 1.6 lakh crore, but actual realization may vary due to various factors.

The National Infrastructure Pipeline

- The National Infrastructure Pipeline (NIP) was launched by **the government**, aiming at long-term investment and development.
- It projects an investment of approximately **111 lakh crore from FY 20-25.**
- The objective of NIP is to sustain economic growth and achieve broader social objectives.
- NIP comprises **8,964 projects** with a total investment exceeding 108 lakh crore.
- More than half of these projects are in the transport sector.
- NIP is integrated into the Invest India Grid (IIG) platform, acting as a centralized portal for tracking and reviewing project progress across various sub-sectors.
- It serves as the primary entry point for infrastructure projects costing 100 crore or more.

National Logistics Policy

- The National Logistics Policy (NLP) was launched in 2022 to address India's high logistics costs, which currently stand at **14-18% of GDP**, compared to the global benchmark of 8%.
    - The **NLP aims t**o integrate existing government initiatives such as UDAN and Bharatmala into a comprehensive framework for the logistics sector.
    - The **vision of the NLP** is to develop a technologically enabled, cost-efficient, and sustainable logistics ecosystem by 2030.
    - **Targets of the NLP** include reducing logistics costs, improving the Logistics Performance Index ranking, and establishing a data-driven decision support mechanism.
- The policy will be implemented through a Comprehensive Logistics Action Plan (CLAP), focusing on digital systems, standardization, human resources, state engagement, and logistics park development.
- The Logistics Ease Across Different States (LEADS) index provides insights into the logistics environment across states, with **13 states/UTs** having formulated logistics policies.
- **LEADS 2022** adopts a Classification-based grading, categorizing states as Achievers, Fast Movers, and Aspirers, based on their performance.

PM Gatishakti

- PM GatiShakti is a **national master plan** for integrated infrastructure project planning.
- It involves creating a comprehensive database that includes various ministries and departments for real-time planning and implementation.
- The plan focuses on **seven key sectors** and aligns with the **National Infrastructure Pipeline (NIP).**
    - It emphasizes the development of high-quality modern infrastructure and promotes logistics synergy.
        - The primary goal is to enhance connectivity, improve logistics efficiency, and minimize disruptions in project completion.
- A GIS-based decision support platform is utilized for integrated planning, mapping data layers of **22 ministries, 36 states/UTs, and key assets.**
- The plan promotes a single-window system for infrastructure planning, streamlining the process.

Infrastructure Investment Trust/Real Estate Investment Trusts

- The Government of India introduced Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) to **finance infrastructure development.**
  - InvITs operate as trusts under the Indian Trust Act (1882) and are registered with **SEBI according to SEBI (Infrastructure Investment Trust) Guidelines, 2014.**
  - InvITs are structured to pool together both pre-completion and post-completion infrastructure projects to attract financing from domestic and international sources.
    - **Objectives of InvITs** include freeing up developer capital for reinvestment, attracting international finance, providing long-term refinance for operational projects, and creating a diversified portfolio for investors.
- InvITs function as pass-through entities, offering tax-efficient structures to investors.
- Similarly, REITs are regulated by SEBI and function as business trusts, holding mainly completed and rent-generating real estate assets.
- Real estate developers can establish REITs and offer units to institutional and retail investors through public issue routes.
- Currently, there are **three REITs registered with SEBI and operating in the market.**

National Investment and Infrastructure Fund

- National Investment and Infrastructure Fund Limited (NIIfL) is a collaborative investment platform involving both i**nternational and Indian investors, anchored by the Government of India.**
  - It manages funds across various asset classes and sectors to generate attractive risk-adjusted returns.
- NIIFL oversees over USD **4.9 billion of equity capital commitments across four funds:** Master Fund, Fund of Funds, Strategic Opportunities Fund, and India-Japan Fund, each with a distinct investment strategy.
  - The establishment of NIIFL was driven by the vision of creating a professionally managed, commercially driven fund manager capable of addressing the deficit in equity investments in India.
- NIIFL-managed funds have invested in key sectors aligned with India's development priorities, including rail-based container logistics, renewable energy, smart meters, wastewater management, healthcare, and affordable housing.
- The investment manager has created **fourteen distinct companies** and fund vehicles catering to various sectors of the economy, covering over 50 businesses through its network of portfolio companies and funds.
- NIIFL's footprint spans across ports and logistics, renewables, roads, smart meters, digital infrastructure, affordable housing, climate infrastructure, healthcare, deep tech, infrastructure debt, and electric mobility.
- NIIFL is committed to **India's green transition mission** and has launched the **NIIF Green Frontier** Initiative to facilitate financing for India's green transition among key stakeholders.

International Interface of India

G20

- G20 (Group of Twenty) was **established in 1999** as a platform for **finance ministers and central bank governors.**
- After the 2008 global financial crisis, G20 evolved into a forum for Leaders of 19 economically significant countries and the EU to address crises effectively.
- G20 operates through **two main track**s: the Finance Track and the Sherpa Track.
  - **The Finance Track**, led by G20 Finance Ministers and Central Bank Governors, deals with economic, financial, and developmental issues.
  - Key issues **addressed by the Finance Track** include global economic outlook, financial architecture reforms, international taxation, sustainable finance, and financial inclusion.
- The Presidency of G20 holds a crucial role in setting the agenda and organizing the Leaders' Summit.
- India assumed the G20 Presidency from **Indonesia on December 1, 2022,** for a one-year term

until November 30, 2023.
- India's G20 Presidency theme was "**Vasudhaiva Kutumbakam"** or "**One Earth, One Family, One Future".**
- India focused on increasing citizen engagement and public participation during its G20 Presidency through various Jan Bhagidari activities.
- Over 200 meetings were hosted by India in more than **50 cities across 32 different** work streams during its Presidency, showcasing India's cultural heritage and offering a unique experience to G20 delegates and guests.

BRICS

- BRICS stands for **Brazil, Russia, India, China, and South Africa,** representing key players in south-south cooperation and the voice of emerging markets and developing countries globally.
    - They are prominent in global forums like the G20.
- The major outcome of BRICS cooperation is the establishment of the **New Development Bank (NDB) in 2014**, aimed at financing infrastructure and sustainable development projects in BRICS and other emerging economies.
- South Africa currently holds the chairmanship of the BRICS grouping.
- During the **15th BRICS Leader's Summit in 2023,** held in South Africa, Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates were invited to become full members of BRICS starting from **January 1, 2024.**

South Asian Association for Regional Cooperation

- The South Asian Association for Regional Cooperation (SAARC) was **established in 1985 in Dhaka.**
    - SAARC's primary goal is to foster cooperation in economic, social, cultural, technical, and scientific areas within South Asia.
- Member states of SAARC include **Afghanistan, Bangladesh, Bhutan, India, Nepal, Maldives, Pakistan, and Sri Lanka.**
- SAARC's secretariat is located in **Kathmandu, Nepal.**
- The Framework on Currency Swap Arrangement for SAARC countries was developed to address short-term foreign exchange needs and balance of payments crises until longer-term solutions are implemented.

SAARC Development fund (SDF)

- SDF (SAARC Development Fund) was **founded in 2008 by SAARC Member countries.**
    - Its primary goals include enhancing livelihoods, accelerating economic growth, promoting social progress, and alleviating poverty within the region.
- SDF serves as an umbrella financial institution for all SAARC projects and programs.
- The fund aims to foster regional cooperation and integration through collaborative projects.
- SDF focuses on funding projects falling under **three main categories:** Social, Economic, and Infrastructure.

International Investment Treaties and Framework (IITF)

- India began negotiating and entering into Bilateral Investment Treaties (BITS) or Bilateral Investment Promotion and Protection Agreements (BIPAs) with other nations as part of its **economic reforms program starting in 1991.**
- These agreements are international treaties aimed at reassuring investors by ensuring a minimum standard of treatment and **non-discrimination in all matters.**
- They provide investors with confidence by establishing an independent forum for dispute resolution through arbitration.

Multilateral Relations

- **The United Nations Development Programme (UNDP)** is the largest channel for development cooperation in the UN.

- UNDP's mission is to assist programme countries in Sustainable Human Development (SHD), focusing on poverty alleviation, gender equity, women's empowerment, and environmental protection.

- All assistance provided by UNDP is in the form of grant assistance.
- UNDP's funds come from voluntary contributions from various donor countries.
- India annually contributes **USD 4.5 million** to UNDP, which is among the largest contributions from developing countries.
- DEA's Multilateral Relations Division handles various aspects related to UNDP, including policy matters, financial assistance proposals, administration of the UNDP **Local Office in Delhi**, and managing India's contributions to UNDP funds.
- The division also manages government contributions to the regular programs of various UN agencies, participates in relevant meetings, coordinates visits of UNDP dignitaries to India, and addresses policy issues related to UNFPA and Millennium Development Goals (MDGs).
  - The division oversees the Foreign Volunteers Programmes in India and is involved in matters concerning government credits extended by Russia, scrutiny of contracts, SAARC, and the Colombo Plan.
  - It also handles **budget-related issues** and overall coordination within the MR Division with territorial and sectoral charges for the Ministry of Defence and Ministry of Tribal Affairs.

Bilateral Cooperation

- The Department of Economic Affairs handles bilateral development assistance from **G-8 countries**, including the USA, UK, Japan, Germany, Italy, Canada, and the Russian Federation, along with the European Union.
  - It manages the extension of Lines of Credit to developing countries.
  - The department administers **short-term foreign training courses (up to four weeks)** offered by various international agencies/countries.
- India accepts external assistance in the form of loans, grants, and technical assistance for infrastructure development, social sectors, and enhancing the knowledge/skills of Indian nationals at both the central and state levels.
- Guidelines from **2006 dictate that bilateral development assistance** can be accepted from all G-8 countries (USA, UK, Japan, Germany, France, Italy, Canada, and the Russian Federation), as well as from the European Commission.
- European Union countries outside the **G-8** can also provide bilateral development assistance to India if they commit a minimum annual development assistance of USD **25 million.**

International Monetary Fund

- India is a **founding member** of the International Monetary Fund (IMF), established to foster a stable global monetary framework.
- Currently, **188 nations** are IMF members, and its core purposes have remained unchanged since its inception.
- IMF operations encompass surveillance, financial assistance, and technical assistance, adapting to the evolving needs of member countries in the global economy.
- The IMF's Board of Governors comprises **one Governor and one Alternate Governor** from each member country.
- India's Finance Minister serves as the **ex-officio Governor** on the IMF's Board of Governors.
- India's constituency at the IMF includes **Bangladesh, Bhutan, and Sri Lanka.**
- The Governor of the Reserve Bank of India (RBI) acts as India's Alternate Governor at the IMF.

World Bank

- India is a founding member of the International Bank for Reconstruction and Development (IBRD), also known as the World Bank, along with the International Development Association (IDA).
- IBRD has **189 member countries,** and it offers loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income nations.
  - The World Bank coordinates responses to regional and global challenges.
  - IDA, with **173 member countries**, focuses on assisting the world's poorest nations.

    - IDA provides loans and grants for programs aimed at boosting economic growth, reducing inequalities, and improving living conditions.
- India utilizes loans from the World Bank for various development projects, including poverty reduction, infrastructure development, disaster mitigation, rural development, among others.

International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA)

- The IFC & MIGA Division oversees responsibilities including IFC investments, advisory activities, training, and policy matters, as well as communication with the World Bank's Executive Director regarding IFC matters in Board deliberations.
    - It also manages affairs related to MIGA, including subscription, budget requirements, and matters concerning the Doing Business Report (DBR) with the World Bank.
- The division addresses policy issues regarding grants for various **health initiatives and coordinates within the Fund Bank and ADB Division.**
    - It oversees Multilateral Finance and Knowledge Assistance to India and formulates policies for engagement with multilateral institutions, promoting Indian investment, technology, and skills globally.
- **The New Development Bank (NDB**), founded by **BRICS nations with a $1 billion** initial contribution each, supports infrastructure and sustainable development initiatives in emerging economies.
- India is **one of the largest borrowers** from NDB, particularly in transport, health, water, and financial sectors.
- **The Asian Infrastructure Investment Bank (AIIB)**, **established in 2016**, fosters sustainable economic development and infrastructure improvement in Asia. India is a founding member and the **second-largest shareholder**.
- **The International Fund for Agricultural Development (IFAD), founded in 1977,** focuses on transforming agriculture, rural economies, and food systems to eradicate poverty and hunger in developing countries. India is a **founder member and contributor.**
- **The Global Environment Facility (GEF)** provides grants for biodiversity, climate change, land degradation, international waters, chemicals and waste. It also supports various international conventions and protocols related to environmental protection.

Asian Development Bank

- Asian Development Bank (ADB) aims for a prosperous, inclusive, resilient, and sustainable Asia-Pacific region, while striving to eradicate extreme poverty.
    - ADB provides assistance to its **68 members** through loans, technical assistance, grants, and equity investments to foster social and economic development.
    - ADB is **headquartered in Manila, Philippines**, and has **68 members, including 49 regional and 19 non-regional members.**
- ADB's organizational structure includes a Board of Governors (BOG), a Board of Directors (BOD), a President, six Vice Presidents, and specialized officers and staff.
- **European Bank for Reconstruction and Development (EBRD)** was **founded in 1991** in London to aid the transition of Central and Eastern European economies post-Cold War.
    - EBRD promotes the evolution of open, market-oriented economies in over 30 countries spanning from Central Europe to Central Asia and the Southern and Eastern Mediterranean.
    - EBRD's mission emphasizes commitment to principles of multiparty democracy and pluralism.

Currency and Coinage

Security Printing and Minting Corporation of India Limited

- Security Printing and Minting Corporation of India Ltd. (SPMCIL) is the sole PSU under the **Department of Economic Affairs, formed in 2006 under the Companies Act, 1956.**
    - SPMCIL was created by **corporatizing nine units**, including four mints, four presses (two currency note presses and two security presses), and one paper mill.
- The company engages in manufacturing security paper, minting coins, printing currency and

banknotes, non-judicial stamp papers, postage stamps, and travel documents.

- It supplies currency/banknotes and coins to RBI, non-judicial stamp papers to state governments, postal stationery and stamps to the postal department, and passports, visa stickers, and other travel documents to the Ministry of External Affairs.
- SPMCIL also produces commemorative coins, MICR and Non-MICR cheques, among other products.
    - **In 2010, SPMCIL established a 50:50** Joint Venture with Bhartiya Reserve Bank Note Mudran Pvt. Ltd. (BRBNMPL) named Bank Note Paper Mill India Private Limited (BNPMIPL).
    - BNPMIPL is a Green-Field project with a capacity of **12,000 MT per annum,** comprising two state-of-the-art technology paper lines, each with a capacity of **6,000 MT per annum.**
    - Commercial production has commenced from both production lines.

Department of Expenditure

- The Department of Expenditure oversees the **public financial management system** in the Central Government and state finances.
    - Responsibilities include implementing Finance Commission and Central Pay Commission recommendations, monitoring audit comments, and preparing Central Government Accounts.
    - It manages expenditure in Central Ministries/Departments, administers financial rules/regulations/orders, and approves public funded schemes/projects.
    - The department handles the transfer of **central budgetary resources to states.**
- Activities are conducted through divisions such as Personnel, Public Finance (Central and States), Procurement Policy, Controller General of Accounts, Chief Adviser Cost, and Central Pension Accounting Office.
- It administers the Arun Jaitley National Institute of Financial Management (AJNIFM) in **Faridabad.**

Public Financial Management System

- The Public Financial Management System (PFMS) is a web-based online software application managed by the CGA (Controller General of Accounts).
    - Its purpose is to establish a robust public financial management system by facilitating comprehensive payment, receipt, and accounting processes.
- PFMS aims for **"just-in-time"** transfer of funds and complete tracking of fund realization from release to the beneficiaries' bank accounts.
- Integration with the Treasury Systems of all states, major banks in India, and external Management Information Systems (MIS) enables PFMS to achieve its objectives.
    - All schemes of the Government of India and their implementing agencies are registered on PFMS.
- PFMS plays a crucial role in facilitating Direct Benefit Transfer (DBT) to the **weaker sections of society.**

Bharatkosh Portal

- Earlier Non-Tax Receipt Portal (NIRP) renamed officially as Bharatkosh.
- **Bharatkosh Portal** aims to serve as a one-stop window for citizens, corporates, institutions, and other users to make online deposits of Non-Tax Receipts (NIR) payable to the Government of India.
- **Inaugurated in 2016**.
- Utilizes the **back-end system** of the Public Financial Management System (PFMS) for data housing and management.
- **MIS (Management Information System**) reports are accessible on the PFMS portal for accounting and monitoring functions.

e-Bill

- **Launched in March 2022,** the Electronic Bill (e-Bill) processing system is part of the 'Ease of Doing Business (EoDB) and Digital India eco-system'.
- Its primary aim is to enhance transparency and expedite payment processes.

- The system facilitates a **faceless-paperless payment system.**
- Suppliers and contractors can submit their claims online through this system.
- Claims submitted through the e-Bill system are **trackable in real-time.**

Treasury Single Account (TSA)

- The Expenditure Management Commission proposed a strategy to minimize government borrowing costs.
  - One aim is to improve the efficiency of fund flows within the government.
  - Another goal is to reduce float, ensuring timely release of funds to Autonomous Bodies (ABs) and Sub Autonomous Bodies (Sub AB).
- The recommendation involves gradually incorporating ABs into the Treasury Single Account (TSA) coverage.
- This move is intended to streamline financial operations and enhance overall fiscal management.
- The emphasis is on achieving **"just-in-time"** fund releases to optimize financial resources.

PFMS Unit

SNA Model for Centrally Sponsored Schemes

- The Department of Expenditure introduced the Single Nodal Agency (SNA) Model in 2021 for Centrally Sponsored Schemes (CSS).
- **Purpose:** To streamline fund allocation and prevent unaccounted float outside the Consolidated Fund of India (CFI).
- Under the SNA Model, each CSS is implemented by a **Single Nodal Agency.**
- The number of accounts reduced from 18 lakh to around 3,200, enhancing efficiency.
- Separate heads of account for Central and State shares are introduced for effective monitoring of fund releases.

CNA Model for Central Sector Schemes

- The Central Nodal Agency (CNA) Model was introduced by the **Department of Expenditure in 2022.**
- Its primary goals are to minimize unaccounted float outside the Consolidated Fund of India (CFI) and enhance oversight of fund flow for Central Sector (CS) Schemes.
- The model comprises two approaches:
  - **Model 1:** It is applicable to schemes with budgets **above 500 crore.** This approach involves a Central Nodal Agency with an assignment account in the Reserve Bank of India (RBI).
  - **Model 2:** Designed for schemes **below 500 crore** or those implemented through states. It employs a single CNA with a single bank account.
- Under Model 1, **thirty schemes,** with a combined budget of **2.75 lakh crore**, currently operate. This ensures that funds remain in the CFI and allows for just-in-time release directly from the RBI account to vendors, eliminating the need to park funds in agency bank accounts.
- Model 2 reduces the number of accounts from **2.7 lakh to approximately 447.**

Alternative Funding Models

- The Treasury Single Account (ISA) framework is used annually to release approximately **Rs. 2 lakh crores** to assist Autonomous Bodies (ABS) and Sub-Autonomous Bodies (Sub ABS) in a just-in-time manner.
- Combined with **CNA Model 1**, this results in the annual release of around Rs. 4.75 lakh crores, enhancing cash management efficiency in the Government of India.
- An alternative model called the SNA-TSA Model is being developed for the flow of funds under Centrally Sponsored Schemes (CSS).
  - It integrates PFMS, State IFMIS, and RBI's e-kuber to enable just-in-time releases directly from the Consolidated Fund of India (CFI) and the Consolidated Fund of the State to beneficiaries and vendors.
- The SNA-TSA Model aims to eliminate idle parking of funds associated with CSSs, improving

financial positions for both Central and State Governments.

- Pilot projects for the "**Alternate Fund Flow Mechanism for CSS**" are underway in Rajasthan, Chhattisgarh, Odisha, Jharkhand, and Karnataka, focusing on schemes like Rashtriya Ucchtar Shiksha Abhiyan (RUSA) and Swachh Bharat Abhiyan — Gramin.

Growth through CapEx: Special Assistance Scheme for States

- The Union Budget 2023-24 plans a nearly **three-fold** increase in capital expenditure compared to the fiscal year **2019-20.**
    - A capital investment outlay of Rs 10 lakh crore, equivalent to **3.3% of GDP**, is allocated for fostering economic growth and attracting private investment.
- This marks the **third consecutive year** of substantial growth in capital expenditure.
- Key sectors such as road transport, railways, defense, housing, and urban affairs will benefit from this increased capital expenditure.
- Initiatives like long-term interest-free loans and capital expenditure-linked additional borrowing provisions for states are introduced to support this.
- The '**Scheme for Special Assistance to States for Capital Investment 2023-24'** allocates funds, including a Rs 30,000 crore incentive, for reform-centric and sector-specific areas.
    - Interest-free loans provided to states are tied to project-specific capital outlays, aiming to prevent higher interest rates and misuse of revenue expenditure.

Finance Commission Division

- The Finance Commission Division, Department of Expenditure, released grants in aid totaling **Rs 1,74,425.51 crore.**
- These grants were disbursed to the States as recommended by the **15th Finance Commission.**

Controller General of Accounts

- The Controller General of Accounts (CGA) operates within the Department of Expenditure, Ministry of Finance, and serves as the Principal Accounting Adviser to the Government of India.
    - One of its primary responsibilities is to establish and maintain a robust Management Accounting System.
    - The Office of the **Controller of Civil Accounts (CCA)** prepares monthly and annual analyses of expenditure, revenues, borrowings, and various fiscal indicators for the Union Government.
- The Annual Appropriation Accounts (Civil) and Union Government Finance Accounts are submitted to Parliament under **Article 150 of the Constitution**, based on the advice of the Comptroller and Auditor General of India.
- The CGA also formulates policies concerning the general principles, form, and procedure of accounting for both central and state governments.
    - It oversees the internal audit units in ministries/departments to ensure adherence to technical accounting standards and monitors the financial performance and effectiveness of various programs, schemes, and activities.
- Additionally, the CGA provides quarterly and annual Union Government Accounts data to the International Monetary Fund (IMF) as per India's commitments made in **G20 Finance Ministers** and Central Bank Governors meetings.

Arun Jaitley National Institute of Financial Management

- The Arun Jaitley National Institute of Financial Management (AJNIFM) is a Center of Excellence focused on capacity building in various fields.
- It specializes in training professionals in Public Policy, Public Finance, Financial Markets, Financial Management, and related areas.
- Established in 1993, AJNIFM operates as a registered society under the Ministry of Finance, Government of India.
- Its primary objective is to train officers recruited by the Union Public Service Commission (UPSC) through the Civil Services Examination.
- These officers are allocated to various government services responsible for managing senior and

top management positions in accounts and finance.
- AJNIFM aims to promote the highest standards of professional competence and practice in its training programs.

Institute of Government Accounts and Finance

- Institute of Government Accounts & Finance (INGAF) operates under the Controller General of Accounts (CGA) within the Department of Expenditure, Ministry of Finance.
    - Recognized as a Central Training Institute (**CTI**) by the Department of Personnel & Training (**DoP&T**).
    - Serves as the training institution for the Indian Civil Accounts Organization **(ICAO).**
    - Founded in **February 1992** with the purpose of providing specialized training in accounting, administrative affairs, and financial management.
- Focuses on enhancing the skills and knowledge of personnel in various governmental financial disciplines.

Department of Revenue

- The Department of Revenue oversees revenue matters pertaining to Direct and Indirect Union taxes.
    - It operates through **two statutory boards**: the Central Board of Direct Taxes (CBDT) and the Central Board of Indirect Taxes and Customs (CBIC).
- The Department is responsible for administering and enforcing regulatory measures outlined in Central Sales Tax, Stamp duties, and other fiscal statutes.
- It exercises control over the production and disposal of opium and its derivatives.

Indian Stamp Act

- The Indian Stamp Act, **1899,** is a fiscal statute governing the imposition of taxes through stamps on documents recording transactions.
- According to the Constitution:
    - Stamp duties on specific documents listed in **Entry 91 of the Union List** are levied by the Union government under Article 246.
    - States collect and retain the proceeds of these duties under **Article 268,** except for union territories where proceeds go to the Consolidated Fund of India.
    - Currently, stamp duty is levied on all documents listed in Entry 91 except cheques.
    - Stamp duties on documents not listed in Entry 91 are levied and collected by the states under **Entry 63 of the State List.**
    - Legislative powers regarding provisions other than duty rates are shared between the Union and states under **Entry 44 of the Concurrent List.**
- The central government rationalized the rates of stamp duty for debentures and promissory notes in **September 2008.**
- The **Finance Act of 2021** introduced Section 8G into the Indian Stamp Act, 1899. This section exempts the transfer of immovable property assets from one CPSE (Central Public Sector Enterprise) to another from paying stamp duty, among other exemptions.

Central Board of Direct Taxes

Direct Taxes

- The Central Board of Direct Taxes (CBDT) was established by the **Central Boards of Revenue Act 1963** and is responsible for administering direct tax laws in India.
    - CBDT is the cadre controlling authority for the Income Tax Department (ITD).
    - CBDT has implemented a comprehensive computerization program in the Income Tax Department, utilizing modern information technology.
- The aim of the program is to establish a taxpayer-friendly regime, increase the tax-base, improve supervision, and generate more revenue for the government.
- The goal is to promote voluntary compliance by taxpayers and create a non-intrusive and non-

adversarial tax administration.

- The Income Tax Department operates across the country and is divided into 18 regions, each headed by a Principal Chief Commissioner of Income Tax.
- Principal **Chief Commissioners** are responsible for the supervision and collection of direct taxes and taxpayer services within their regions.
    - Directors General of Income Tax (Investigation) oversee investigation functions, dealing with tax evasion and unearthing unaccounted income.
    - The Director General of Income Tax (Intelligence and Criminal Investigation) supervises intelligence gathering and investigation in tax-related crimes.
- The Chief Commissioner of Income Tax (Exemptions) oversees the work of exemption and non-profit organizations/trusts across the country.
    - The **Principal Chief Commissioner of Income Tax** (International Taxation) supervises work in the field of International Tax and Transfer Pricing.
    - Principal Chief Commissioners are assisted by Chief Commissioners, Principal Commissioners, Commissioners of Income Tax, and Principal Directors General/Directors General of Income Tax within their jurisdictions.
    - Commissioners of Income Tax, posted as Commissioners of Income Tax (Appeals), perform appellate functions and adjudication of disputes.

Abolition of Dividend Distribution Tax (DDT)

- **The Finance Act of 2020** aimed to enhance the appeal of the Indian equity market.
    - It sought to provide relief to investors whose dividend income was taxed at a lower rate than the Dividend Distribution Tax (DDT).
    - The Act **removed the DDT** requirement for companies, shifting the tax burden to the recipients of dividends.
- Dividend income is now taxed solely in the hands of recipients at their applicable income tax rate.
- This change was intended to streamline taxation and potentially encourage more investment in Indian equities.

International financial Services Centre (IFSC)

- Tax incentives introduced for units within the International Financial Services Centre (IFSC) to establish it as a global hub for financial services.
- The **Finance Act 2021** expanded these incentives, including a tax holiday for capital gains for aircraft leasing companies.
- Additional incentives include tax exemption for aircraft lease rentals paid to foreign lessors.
- Tax incentives were also introduced for relocating foreign funds into the IFSC.
- Foreign banks located in the IFSC were granted tax exemption for their investment divisions.

Recent Initiatives

Income-tax Rates

- **Personal Income- Tax Rates**
    - **Finance Act, 2020** introduced lower slab rates for individual taxpayers if they opt out of specified exemptions or deductions.
    - The Act aimed to incentivize more individuals to pay taxes and reduce the tax burden on honest taxpayers and salaried employees.
    - The tax rate for individuals earning income between 2,50,000 to [missing value] was reduced from **10% to 5%.**
    - **Finance Act, 2023** expanded the scope and lowered rates for individuals, effective from assessment year 2024-25 under sub-section (IA) of section 115 BAC of the **Income-tax Act, 1961**.
    - A rebate was increased so that individuals earning up to Rs 5 lakh don't pay any tax, and this threshold was further raised to Rs 7 lakh for those under the new tax regime.
- **Corporate Income Tax Rates**
    - The Finance Act of 2016 introduced a tax rate of 29% for domestic companies with a turnover under Rs. 5 crore in the financial year 2014-15.

        - Subsequent Finance Acts increased the turnover limit for domestic companies eligible for reduced taxation to 25%.
        - Currently, domestic companies with turnover up to Rs. 400 crore are taxed at 25%.
    - The **Taxation Laws (Amendment) Act of 2019** implemented a concessional tax regime of 22% (plus surcharge & cess) for all existing domestic companies to promote growth and investment.
    - Additionally, to encourage investment in the manufacturing sector, new manufacturing domestic companies incorporated on or after October 2019 and commencing manufacturing before March 2024 are subject to a reduced tax rate of 15% (plus surcharge & cess).
- **New Tax Regime for New Manufacturing Co-Operative Societies**
    - Finance Act, 2023 introduced a new section 115 BAE in the Act.
    - **Purpose**: To establish a level playing field between new manufacturing co-operative societies and new manufacturing companies.
    - Tax Regime: Both new manufacturing co-operative societies and new manufacturing companies are eligible for a concessional tax rate of 15% under this section.
    - Conditions: The conditions for availing this tax regime for co-operative societies are identical to those applicable to new manufacturing companies.
    - Implication: Co-operative societies can now benefit from the same tax advantages as manufacturing companies, promoting fairness and equality in the taxation system.
- **TCS on Liberalised Remittance Scheme and Purchase of Overseas Tour Package**
    - Amendments to **Section 206C(IG) of the Income-tax Act 1961** by the Ministry of Finance aim to broaden and strengthen the tax base.
    - For remittances under the Liberalized Remittance Scheme (LRS), no Tax Collected at Source (TCS) will be applicable for the first 7 lakh remittance.
    - TCS at the rate of 5 percent applies to the purchase of overseas tour programme packages under clause (a) of sub-section (IG) of Section 206C until September 2023.
    - Starting from October 2023, TCS at the rate of 5 percent applies to the first 7 lakh expenditure on overseas tour programme packages, increasing to 20 percent for expenditure beyond Rs 7 lakh.
- **New TDS Section on Winning from Online Gaming**
    - The Finance Act of 2023 made amendments to **section 194B** and **section 194BB of the Act.**
    - These sections pertain to tax deductions on winnings from lottery, crossword puzzles, and horse racing.
    - The amendment specifies that tax deduction at a **rate of 30%** will apply to amounts exceeding **₹10,000 during the financial year.**
    - Previously, the tax deduction was applicable without regard to any threshold amount.
    - This change aims to ensure that tax deductions are applied only to winnings exceeding ₹10,000, providing relief for smaller winnings.

Major Citizen Friendly Initiatives

- **e-Verification Scheme**
    - e-Verification Scheme initiated as a **pilot project in 2022**, expanded into a comprehensive **scheme in 2023.**
    - Aims to promote voluntary tax compliance and ensure transparent, non-intrusive tax administration.
    - Allows taxpayers to identify errors in information provided by reporting entities.
    - **Incorporates a mismatch reconciliation process**: discrepancies found are communicated to the taxpayer for resolution.
    - Taxpayers can rectify errors by submitting updated returns and making payments for any tax underpayments.
- **Centralised Processing of Income Tax Returns**
    - The Centralised Processing of Returns Scheme, 2011, manages return processing at **CPC-ITR Bengaluru.**
    - CPC-ITR Bengaluru utilizes electronic data availability for processing returns.
    - Returns of income are processed at CPC-ITR using automated rules based on provisions of the Income Tax Act.

    - The processing aims to calculate the **final refund or tax** owed to the taxpayer.
    - Automated verification and application of Act and Rules provisions are carried out using ITR form-based software rules.
- **Issue of Refunds**
    - Tax refunds are processed electronically after accounting documents are issued.
    - **Refunds** are distributed via a refund invoice issued through a banker.
    - The taxpayer's details are verified against the destination bank and Department records.
    - The refund banker scheme facilitates electronic issuance of refunds.
    - Refunds are directly deposited into the taxpayer's bank account, ensuring prompt delivery.
- **Centre for Facilitation of Outstanding Demand**
    - The Department has introduced an innovative solution to tackle pending tax demand.An **AI-enabled engine** has been implemented for this purpose.
    - The engine classifies demands and assesses taxpayers' propensity to pay by integrating all collectible taxes in the system.
    - Using data on demand amounts and taxpayer numbers, the system allocates cases to an auto-dialler calling system.
    - The **auto-dialler** employs an intelligent dial mechanism to remind taxpayers of their outstanding tax demands.
- **Central Board of Indirect Taxes and Customs**
    - Central Board of Indirect Taxes and Customs (CBIC) is a division of the Department of Revenue, formerly known as **Central Board of Excise & Customs.**
        - CBIC handles policy formulation, levy, and collection of Customs, Central Excise Duties, Central Goods & Services Tax (GST), and Integrated Goods & Services Tax (IGST).
        - It is responsible for **preventing smuggling** and administering matters related to Customs, Central Excise, Central GST, IGST, and Narcotics within its purview.
    - CBIC oversees subordinate organizations such as Custom Houses, Central Excise and Central GST Commissionerates, and the Central Revenues Control Laboratory.
        - The main objectives of CBIC include collecting indirect tax revenues, improving taxpayer services, enhancing compliance for fair trade, enforcing border controls, promoting efficiency and transparency, and developing human resources.
    - CBIC comprises a **Chairman and 6 members.**
    - Dispute settlement and appeal mechanisms involve officers of Customs, Excise, and Service Tax adjudicating cases under relevant laws.
    - The appellate machinery, including Commissioners (Appeals), handles appeals against orders passed by lower-ranking officers.
    - The Customs, Excise and Service Tax Appellate Tribunal (CESTAT), formerly known as Customs Excise and Gold (Control) Appellate Tribunal, serves as an independent forum for appeals against orders passed by Commissioners of Customs and Excise. It also acts as a second appellate forum for orders passed by Commissioner (Appeals).
- **Goods and Services Tax**
    - The Goods and Services Tax (GST) was **introduced in 2017,** consolidating various central indirect taxes like Central Excise duty, Service Tax, and state-level taxes like Value Added Tax (VAT).
        - GST covers all goods and services except alcoholic beverages for human consumption.
        - Petroleum and petroleum products are exempt from GST until a notified date by the GST Council.
    - States are compensated for revenue loss due to GST implementation.
    - GST simplifies the tax structure, making it transparent and technology-driven, fostering economic integration into a single market.
    - Continuous efforts are made to simplify procedures and rationalize tax rates for ease of compliance.
    - **Advanced technology**, including AI tools, is employed to combat GST evasion, particularly fake Input Tax credit.
    - Periodic special drives are conducted to address issues like fake registrations.
- **Directorate of Revenue Intelligence**
    - The Directorate of Revenue Intelligence (DRI) is the apex anti-smuggling agency under CBIC in India.

    - It enforces the **Customs Act, 1962**, along with over fifty other related Acts such as the Arms Act, NDPS Act, COFEPOSA, Wildlife Act, and Antiquities Act.
    - DRI's duties include gathering intelligence on smuggling activities, contraband goods, narcotics, and under-invoicing both domestically and internationally.
    - Intelligence collection involves various sources, including secret ones, both within India and abroad.
    - DRI plays a crucial role in executing intelligence and investigative assistance requests with partner Customs Administrations under Customs Mutual Administrative Agreements.
  - **Directorate of Enforcement**
    - The Directorate of Enforcement (ED) was established in **New Delhi in 1956** to enforce the **Foreign Exchange Regulation Act (FERA), 1947.**
    - **FERA, 1947** was later replaced by the Foreign Exchange Regulation Act, 1973, which was a Criminal Act allowing for prosecutions in court and adjudication of violations by Adjudicating Authorities.
    - FERA was repealed in **2000** and replaced with the **Foreign Exchange Management Act, 1999 (FEMA).**
    - The ED's responsibilities expanded to include implementing the Prevention of Money Laundering Act, 2002 (PMLA) from 2005 onwards.
    - Currently, the ED enforces **three laws**: FEMA, PMLA, and the Fugitive Economic Offenders Act, 2018, alongside residual work from FERA.
    - The ED initiates investigations under FEMA based on intelligence, files complaints before the Adjudicating Authority, and imposes penalties or confiscates assets upon substantiated charges.
    - ED's functions include administering and enforcing PMLA, investigating money laundering offences, filing prosecution complaints, and confiscating properties involved in money laundering.
    - In India, the ED has sole jurisdiction to investigate money laundering cases, with other Law Enforcement Agencies required to refer such cases to the ED.
    - FEMA aims to regulate foreign exchange for facilitating trade and payments and developing foreign exchange resources.
    - ED also implements measures under FEMA to deter fugitive economic offenders from evading Indian law, especially those involved in offences exceeding 100 crores.
    - The ED also implements the **Fugitive Economic Offenders Act, 2018**, which targets economic offenders evading Indian courts and preserves the rule of law.
    - The FEOA applies to economic offenders who avoid criminal prosecution by staying abroad, especially if the offence involves over 100 crores.
  - **Financial Intelligence Unit-India**
    - Financial Intelligence Unit-India (FIU-IND) is the central national agency established by the Government of India in **2004.**
    - FIU-IND's primary role is to receive, process, analyze, and disseminate information related to suspect financial transactions.
      - It operates to combat money laundering, related crimes, and terrorist financing through effective coordination and strengthening of financial intelligence collection and sharing.
    - FIU-IND reports to the Economic Intelligence Council (EIC) headed by the **finance Minister** and is under the Department of Revenue, Ministry of Finance for administrative purposes.
      - It functions as an administrative FIU, meaning it is an **independent government body** that receives, analyzes, and disseminates Suspicious Transaction Reports (STR) to appropriate law enforcement or investigation agencies without conducting investigations itself.
    - FIU-IND's main functions include domestic cooperation, international cooperation, outreach, compliance, and administration of an Information Technology-based platform called FINnet.
    - FINnet provides an end-to-end solution for filing, analysis, and dissemination of information, including making requests and submitting feedback.

Narcotics

Central Bureau of Narcotic

- The Central Bureau of Narcotics (CBN) is led by the **Narcotics Commissioner** and is **headquartered in Gwalior.**
- Administrative control of the CBN rests with the Central Board of Indirect Taxes and Customs (CBIC), while operational functions are overseen by the Department of Revenue.
- The CBN is responsible for making policy decisions and acts as the National Opium Agency, in line with the **Single Convention on Narcotic Drugs 1961.**
- It exercises control and supervision over licit opium poppy cultivation in India, which is currently conducted in notified areas in **Madhya Pradesh, Uttar Pradesh, and Rajasthan.**
- Besides managing opium poppy cultivation, the CBN also conducts preventive actions against drug trafficking.
- It enforces the provisions of the **Narcotic Drugs & Psychotropic Substances Act, 1985,** and its associated rules.

Reserve Bank of India

- The Reserve Bank of India (RBI) is India's central banking institution, established on **April 1, 1935,** under the **Reserve Bank of India Act, 1934.**
- It was **nationalized** on January 1, 1949, following India's independence on August 15, 1947.
- RBI has **four zonal offices** in Chennai, Delhi, Kolkata, and Mumbai, along with 21 regional offices and 11 sub-offices across India.
    - Its primary responsibility is to control the monetary policy of the Indian rupee and issue currency.
- RBI is the sole authority authorized to issue and destroy currency in India, backing it with assets to ensure public confidence.
- Objectives include issuing banknotes, maintaining the currency and credit system, and managing reserves.
- Currency printing is done by the Security Printing and Minting Corporation of India Limited (SPMCIL) and Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL).
- Minting of coins is conducted by SPMCIL at four mints in Mumbai, Noida, Kolkata, and Hyderabad.
- To combat fake currency, RBI launched a website, www.paisaboltahai.rbi.org.in, to raise awareness and provide information on identifying counterfeit notes.

National Asset Reconstruction Company Limited (NARCL)

- An Asset Reconstruction Company Limited (NARCL) and an Asset Management Company (IDRCL) were established.
- **Purpose**: to consolidate and take over existing stressed debt and manage assets for eventual value realization.
- **Process**: NARCL and IDRCL will manage and dispose of assets to Alternate Investment Funds and potential investors.

National Bank for Financing Infrastructure and Development (NaBFlD)

- The National Bank for Financing Infrastructure and Development (NaBFID) was established as a **Development Financial Institution (DFI) under the NaBFID Act** on **March 28, 2021**.
    - Its primary aim is to support the development of long-term non-recourse infrastructure financing in India, including fostering the bonds and derivatives markets crucial for infrastructure financing.
- NaBFID was granted All India Financial Institution (AIFI) status by the Reserve Bank of India (RBI) on **March 8, 2022.**
- The institution is actively seeking collaborations with other domestic and international multilateral institutions for financing and developmental purposes.
- NaBFID signed a Memorandum of Understanding (MoU) with the International Finance Corporation (IFC) to provide Transaction Advisory Services (TAS), with a focus on Public-Private Partnerships (PPP) projects.
- It has begun supporting bond market issuances of Urban Local Bodies (ULBs), furthering its role in infrastructure financing and development.

Digital Banking Initiatives

Digital Banking Units

- **Union Budget 2022-23** introduced Digital Banking Units (DBUs) to ensure digital banking benefits reach all parts of the country.
- Prime Minister dedicated **75 DBUs** in 75 districts on 16th October 2022 to commemorate **75 years of independence (Azadi ka Amrit Mahotsav)**.
- Additional DBUs are being established to cover all States and Union Territories by 25 banks including Public, Private Sector, and Small Finance Banks.
- Services provided through DBUs include opening savings accounts, generating loan leads, activating mobile and net banking, enrolling in insurance schemes like PMSBY/PMJJBY, applying for credit/debit cards, viewing account statements, paying taxes and bills, making nominations, etc.
- DBUs facilitate onboarding to Government credit link schemes through the **Jan Samarth portal** and offer end-to-end digital processing for small ticket MSME/retail loans.

e-DRT Project

- The e-DRT project was initiated to digitize the operations of all **39 Debts Recovery Tribunals (DRTs) and 5 Debts Recovery Appellate Tribunals (DRATs).**
    - Implemented by the Department of Financial Services (DFS) through the National Informatics Center (NIC).
- The project **aims** to automate the entire workflow of DRATs and DRTs.
- Its implementation has led to increased transparency and efficiency within the tribunals.
- Online availability of case-related information and e-filing of cases by litigants commenced on **January 24, 2020.**
- The system facilitates online court fee payment using the **Bharat Kosh Payment Gateway.**

Enhanced Access and Service Excellence (EASE) Reforms

- The Department of Financial Services launched Enhanced Access and Service Excellence (EASE) for Public Sector Banks in **2018.**
- The initiative aimed at restructuring PSBs by addressing various aspects including risk assessment, NPA management, financial inclusion, customer service, digital transformation, credit off-take, analytical capabilities, HR transformation, and good governance.
- **EASE 5.0** is the ongoing **fifth iteration** emphasizing the need for PSBs to continuously invest in capabilities, intensify ongoing reforms, and introduce new measures to meet evolving customer demands amidst changing competition and technological landscapes.
- EASE 5.0 revolves around **five key themes**:
    - Digitally enabled customer offerings to consolidate and enhance digital capabilities, particularly focusing on digital banking solutions for MSMEs and Agri value chains.
    - Big data & analytics to strengthen banks' capabilities in utilizing data for decision-making.
    - Modern technology capabilities to improve overall customer experience and accelerate the time-to-market for new digital projects.
    - Collaborative banking, encouraging banks to broaden and deepen partnerships and collaborations.
    - Employee development & governance, focusing on implementing objective, digital, and data-driven processes for assessing and developing employees.

Rural Banking

Regional Rural Banks

- The Regional Rural Banks (RRBs) are established under **Regional Rural Banks Act, 1976** to create an alternative channel to the cooperative credit structure and to ensure sufficient institutional credit for the rural and agriculture sector.
- RRBs are jointly owned by Government of India, concerned state government and
- sponsor banks with the issued capital shared in the proportion of **50%, 15% and 35%, respectively.**

- **Agriculture Credit**: In order to boost the agriculture sector with the help of effective
- and hassle free agriculture credit, the government has been fixing annual targets for ground level agriculture credit by Scheduled Commercial Banks, Regional Rural Banks (RRBs) and Cooperative Banks.

NABARD

- **Established in 1982,** NABARD (National Bank for Agriculture and Rural Development) is tasked with regulating credit and supporting the development of various sectors in rural areas.
- NABARD **provides loans** to State Governments and entities for the creation of rural infrastructure.
- It offers refinance facilities to different banking institutions such as Scheduled Commercial Banks and Regional Rural Banks.
- NABARD coordinates credit planning and monitors credit flow in rural areas.
- The organization collaborates with State Governments and agencies to foster rural development through initiatives like innovation, replication, convergence, micro-finance, and financial inclusion.

Kisan Credit Card

- The Kisan Credit Card (KCC) scheme was introduced in **1998-99.**
- It serves as a flexible and cost-effective credit delivery mechanism for farmers.
- Banks are mandated to issue KCC to **eligible farmers.**
    - The scheme has been simplified with one-time documentation, credit limit enhancements, and issuance of debit cards.
    - KCC limit is valid for **5 years** with an annual 10% increase.
- The government approves a 1.5% interest subvention on short-term loans with a maximum sub-limit for allied activities.
- An additional 3% interest incentive is provided for prompt repayment, effectively reducing the rate to 4%.
- Marginal farmers have a flexible limit ranging from **Rs 10,000 to 50,000.**
- The initiative plays a crucial role in boosting the rural economy, accelerating agricultural production, and increasing farmers' income levels.

Rural Infrastructure Development fund (RIDE)

- RIDE (Rural Infrastructure Development Fund) was established in **NABARD** during **1995-96** with an initial corpus of **Rs. 2,000 crore.**
- Its main objective is to provide loans to State Governments for completing ongoing rural infrastructure projects.
- Resources for the fund are contributed by **various entities** including Commercial Banks, Foreign Banks, RRBs, and Small finance Banks as per RBI's guidelines regarding banks' shortfall in priority sector lending.
- Initially focused on completing irrigation, flood protection, and watershed management projects, RIDE now covers **39 activities** grouped into Agriculture and related sector, Social Sector, and Rural Connectivity.

Initiatives under Atma Nirbhar Bharat Abhiyan

- **Agriculture Infrastructure Scheme (AIS):**
    - Launched under **PM** Atmanirbhar Bharat package by the Ministry of Agriculture and Farmer Welfare.
    - Aims to address long-term investment needs in agriculture infrastructure.
    - Introduces **Agriculture Infrastructure Fund (AIF)** with targeted lending of Rs. 1 lakh crore from 2020-21 to 2023-24.
    - Facilitates **long-term debt** financing for post-harvest management infrastructure and community farming assets.
- **Animal Husbandry Infrastructure Development Scheme (AHIDF)**:
    - Introduced by the Ministry of Fisheries, Animal Husbandry & Dairying.
    - Establishes Animal Husbandry Infrastructure Development Fund **(AHIDF).**

- Aims to incentivize investments in dairy and meat processing infrastructure.
    - Targeted lending of **Rs. 15,000 crore from 2020-21 to 2022-23** to be facilitated by banks.
- **International Trade Settlement in Indian Rupees (INR):**
    - RBI authorized invoicing and payments for international trade in **Indian Rupee** (INR) via Circular No. 10 RBI/2022-2023/90 dated 11.07.2022.
    - DGFT aligned India's Foreign Trade Policy with RBI's Circular, supporting INR invoicing for exports and imports.
    - Aims to **reduce dependence** on foreign exchange reserves and eliminate foreign exchange risk.
    - Banks in India can open Special Rupee Vostro Accounts for correspondent banks of partner countries to facilitate seamless payment transactions in INR.
    - Exchange rate will be market determined; settlements will occur in INR as per specified procedure.
    - Initially applicable to **22 countries** (as of November 2023) with the goal of promoting global trade growth and reducing reliance on hard currencies.

Insurance

- Insurance, being an integral part of the financial sector, plays a significant role in India's economy.
- Apart from protection against mortality, property and casualty risks and providing a safety net for individuals and enterprises in urban and rural areas, this sector encourages **savings and provides long-term funds** for infrastructure development and other long gestation projects of the country.
- The public sector insurance companies operating in the **sector are**: Life Insurance Corporation;National Insurance Company Limited; Oriental Insurance Company Limited;United India Insurance Company Limited; New India Assurance Company Limited;General Insurance Corporation of India Limited and Agriculture Insurance Company of India Limited.

Life Insurance Corporation of India

- Life Insurance Corporation of India (LIC) was established by an Act of Parliament called the **Life Insurance Corporation of India Act, 1956.**
- It is governed by the **Insurance Act, 1938, LIC Act, 1956, LIC Regulations, 1959 and Insurance Regulatory and Development Authority Act, 1999.**
- LIC is present in **14 countries** abroad through branch offices/joint ventures companies and wholly owned subsidiary.

Reforms in the Insurance Sector

- The insurance sector was opened for private participation with the enactment of the **Insurance Regulatory and Development Authority Act, 1999.**
- The Insurance Regulatory and Development Authority of India **(IRDAI)** has laid down the regulatory framework for registration of insurance companies, maintenance of solvency margin, investments and financial reporting requirements.
- One of the key reforms undertaken in this sector is the passing of **Insurance Laws**
- **(Amendment) Act, 2015** has paved the way for major reform related amendments in the **Insurance Act, 1938**, the General Insurance Business (Nationalization) Act, **1972** and the Insurance Regulatory and Development Authority **(IRDA) Act, 1999.**
- It removed archaic and redundant provisions in the legislations and incorporated certain provisions to provide Insurance Regulatory and Development Authority of India (IRDA) with the flexibility to discharge its functions more effectively and efficiently.
- It enhanced foreign investment cap in an Indian insurance company from 26% to an explicitly composite limit of **49%.**
- It also enabled foreign reinsurers to set up branches in **India.**

Pradhan Mantri Vyay Vandana Yojana

- Pradhan Mantri Vaya Vandana Yojana (PMVVY) is offered by **the Life Insurance Corporation of India (LIC) with government support.**
- It targets senior citizens aged **60 years or older**.
- The scheme provides an assured minimum pension for a **term of 10 years**.
- The pension amount is linked to the price at which the policy is purchased.
- It ensures old age income security for senior citizens by offering assured pension/return.
- The subscription amount determines the pension, guaranteed by the government to LIC.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)

- In **2015,** the Government initiated **social security schemes**: Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY).
- PMJJBY provides **life insurance** coverage for death due to any reason.
- PMSBY offers accidental death and disability cover specifically for death or disability resulting from accidents.
- The aim is to broaden insurance coverage and enhance social security for individuals.

Atal Pension Yojana

- The Atal Pension Yojana (APY) was **launched in May, 2015**, to address the longevity risks among the workers in unorganised sector who are not covered under any statutory social security scheme.
- The APY is focussed on all citizens in the unorganised sector, who join the National Pension System (NPS) administered by the Pension Fund Regulatory and Development Authority (PFRDA).
- Any Indian citizen **between 18-40 years of age** can join through their savings bank account/post office savings account.
- **Minimum pension** of 1,000 or 2,000 or 3,000 or 4,000 or 5,000 is guaranteed by the Government of India to the subscriber at the age of 60 years, with a minimum monthly contribution (for those joining at age at 18) of 42 or 84 or 126 or 168 or 210, respectively.
- After the **subscriber's demise**, the spouse of the subscriber shall be entitled to receive the same pension amount as that of the subscriber until the death of the spouse.
- After the **demise of both the subscriber** and the spouse, the **nominee** of the subscriber shall be entitled to receive the pension wealth, as accumulated till age 60 of the subscriber.
- In the event of pre-mature death of the subscriber, government has decided to give an option to the spouse of the subscriber to continue contributing to APY account of the subscriber, for the remaining vesting period i.e., till the original subscriber would have attained the age of 60 years.
- The earlier provision was to handover lump sum amount to spouse on the pre-mature death (death before 60 years of age) of the subscriber.

Pradhan Mantri Suraksha Bima Yojana

- The Pradhan Mantri Suraksha Bima Yojana (PMSBY) is a **one year personal accident insurance scheme**, renewable from year to year, offering coverage for death/disability due to an accident and is available to people in the **age group of 18 to 70 years** having a bank account who give their consent to join and enable auto-debit.
- Under the said scheme, risk coverage available will be 2 lakh for accidental death and permanent total disability and 1 lakh for permanent partial disability.

Pradhan Mantri Jan Dhan Yojana

- A National Mission on **financial inclusion** named as Pradhan Mantri Jan Dhan Yojana (PMJDY) was **announced in 2014**.
- **Objectives of PMJDY**
  - Universal access to banking facilities for all households across the country through a bank branch or a fixed point business correspondent (BC) within a reasonable distance.
  - To cover all households with at least one basic bank account with RuPay Debit card having inbuilt accident insurance cover of `1 lakh.

Pension Reforms

National Pension System

- With a view to providing adequate retirement income, the National Pension System (NPS) was introduced. NPS is envisaged as a low cost and efficient pension system backed by **sound regulation**.
    - It has been made mandatory for all new recruits to the Government (except armed forces) with effect from **January 1, 2004** and has also been rolled out for all citizens with effect from **May 1, 2009** on a voluntary basis.
- The facility for seamless portability is designed to enable subscribers to maintain a single pension account (Permanent Retirement Account Number-PRAN) throughout the saving period.
- **Pension Fund Regulatory and Development Authority (PFRDA)**, set-up as a **regulatory body** for the pension sector, is engaged in consolidating the initiatives taken so far regarding the full NPS architecture and expanding the reach of the NPS distribution network.

Pradhan Mantri Mudra Yojana (PMMY)

- **Launched in 2015**, PMMY is a **national mission** aimed at increasing the entrepreneurial activity of existing small businesses and **encouraging first generation** entrepreneurs by facilitating access to loans.
    - Accordingly, lending institutions would finance micro entrepreneurs up to 10 lakh.
- **Micro Units Development and Refinance Agency Limited (MUDRA),** is a refinance institution set-up by the government for development of micro units by extending funding support to encourage entrepreneurship in India, mostly from the non-corporate small business sector. Under the guidelines of **PMMY, MUDRA** has launched **three innovative products** namely Shishu, Kishor, and Tarun, which signifies the stage of growth and funding needs of the micro units or entrepreneurs.
    - MUDRA shall refinance through state level institutions, NBFCs, MFIs, regional rural banks, nationalized banks, private banks and other intermediaries.
    - Any Indian citizen who is involved in income generating activity such as manufacturing, processing, trading and service sector and whose credit need is less than 10 lakh can approach either banks, MFIs, financial institutions or NBFC for availing of MUDRA loans under PMMY.
- It has been decided to **extend funding support under PMMY** for activities allied to agriculture also.

Credit Guarantee Fund for Skill Development

- To guarantee the loans and advances upto **1.5 lakh (term loan)** or any other limit as may be decided by the settler, sanctioned and disbursed by the lending institutions without any collateral security and/or third party guarantees to the eligible borrowers pursuing skill development courses as per the Skill Loan Scheme.
- Any person (Indian national) can avail of skill loan having minimum qualification as per National Skill Qualification Framework (**NSQF**).

Department of Investment and Public Asset Management

- The Department of Disinvestment was set up as a **separate Department in 1999** and was later renamed as **Ministry of Disinvestment in 2001**. From **2004**, the Department of Disinvestment came under the **Ministry of Finance.**
- The Department of Disinvestment has been renamed as Department of Investment and Public Asset Management **(DIPAM) from 2016.**
- The mandate of the Department includes all matters related to management of Central Government investments in equity including disinvestment of equity in Central Public Sector Undertakings.

New Public Sector Enterprise Policy

- The New Public Sector Enterprise Policy (PSE) was announced in the budget speech for **2021-22**. The new policy is designed to discover true economic potential of entities in the hands of private investors.
- Under the new PSE policy, the public sector commercial enterprises have been classified as **strategic and non-strategic sectors**. Strategic sectors delineated are based on the criteria of national security, energy security, critical infrastructure, provision of financial services and availability of important minerals.
- The **4 broad strategic sectors** have been proposed as – atomic energy, space and defence;transport and tele-communication; power, petroleum, coal and other minerals; and banking, insurance and financial Services.

Bharat Bond

- Bharat Bond Exchange Traded Fund (ETF) was **launched in 2019** which was the first instrument of its kind based on high-quality public-sector bonds. The second tranche was **launched in 2020.**
- The two tranches received huge response from all sections of investors especially retail investors.