



## Chapter 8 - Ministry of Finance

The Ministry of Finance manages the government's finances and oversees all economic and financial matters. It functions as India's treasury department, handling taxation, financial legislation, financial institutions, capital markets, centre-state finances, and the Union Budget. It also controls cadres like the Indian Revenue Service, Indian Economic Service, Indian Cost Accounts Service, and Indian Civil Accounts Service. The Ministry comprises six departments:

1. Economic Affairs
2. Expenditure
3. Revenue
4. Investment and Public Asset Management
5. Financial Services
6. Public Enterprises

### Department of Financial Services (DFS)

- DFS oversees banking, insurance, and pension reforms, managing PSBs, PSICs, FIs like NABARD, SIDBI, EXIM Bank, and cooperative banks.
- It handles appointments in these institutions and regulates rural credit. DFS administers financial inclusion schemes like PMJDY, PMJJBY, PMSBY, APY, PMMY, and Stand Up India.

### Department of Economic Affairs

- It prepares the Union Budget and those for states under President's Rule and Union Territories. Key functions include:
  - Managing macro-economic policies, fiscal policy, inflation, public debt, and capital markets.
  - Producing currency, postal stationery, and stamps.
  - Managing the Indian Economic Service cadre.
  - Enhancing external financial relations (G20, BRICS, SAARC, etc.).
  - Regulating financial markets.
  - Overseeing investments (FDI, NIIF, AIFs, etc.).

### Annual Financial Statement (Budget)

- Presented by the Finance Minister each February, the Budget (under Article 112) details the government's estimated receipts and expenditure, divided into:
  - Consolidated Fund: Main account for revenues and loans; spending requires Parliamentary approval.
  - Contingency Fund: For emergencies, with later Parliamentary approval.
  - Public Account: For transactions like small savings; no prior approval needed.
- The Budget splits spending into: **Revenue Budget and Capital Budget.**

**Demands for Grants:** Expenditure from the Consolidated Fund is presented to the Lok Sabha as Demands for Grants (Article 113).

- Typically, each ministry/department submits one demand, covering revenue and capital spending, grants, and loans.

**Finance Bill:** Presented alongside the Budget, the Finance Bill (Article 110) outlines proposed tax changes.

- It is classified as a Money Bill and includes an explanatory memorandum.

**Appropriation Bill:** Post approval of the Demands for Grants, the Appropriation Bill authorises fund withdrawal from the Consolidated Fund (Article 114).

**Supplementary Demands:** If additional spending arises mid-year, Supplementary Demands for Grants are presented for Parliamentary approval.

**Sources of Revenue:** Per the 80th Amendment (2000), most Union taxes are collected by the Centre and shared with states, as per Finance Commission recommendations. Major taxes include: CGST, Customs duties, Union excise duties, Corporate tax and Income tax.

- Non-tax revenues include interest, dividends, fines, and service fees.

**Resource Transfers:** In 2023-24, tax devolution to states reached ₹11.29 lakh crore. For 2024-25, total transfers (taxes, grants, loans) are estimated at ₹22.75 lakh crore.

**Welfare of SCs and STs:** Since 2005-06, budget documents include allocations for SC and ST welfare. In 2024-25, ₹1.66 lakh crore is allocated for SCs and ₹1.21 lakh crore for STs.

**Gender and Child Budgeting:** Since 2005-06, a Gender Budget statement details allocations for women-centric programmes; since 2009-10, a Child Budget covers education and welfare schemes. For 2024-25, ₹3.3 lakh crore is allocated for women's welfare, and ₹1,09,921 crore (2.28% of total budget) for child welfare.

**Economic Growth:** Real GDP was ₹44.10 lakh crore; nominal GDP grew by 8.0% to ₹76.60 lakh crore.

**Prices:** Retail inflation (CPI) eased to 5.4% in 2023-24, down from 6.7% in 2022-23. Between April and October 2024, it averaged 4.8%.

## Public Debt and Liabilities

The RBI manages public debt for both central and state governments under the RBI Act, 1934. The Union Government's liabilities include:

- **Internal debt:** Market loans, treasury bills, and RBI-issued securities.
- **External debt:** Loans from foreign governments and multilateral agencies (not direct market borrowings).
- **Other liabilities:** Small savings, provident funds, etc.

**Fiscal Responsibility And Budget Management Framework:** The FRBM Act, 2003, mandates inter-generational equity in fiscal management and macroeconomic stability. It limits government borrowing, debt, and deficits to ensure fiscal sustainability, improve monetary policy effectiveness, and promote transparency.

- It requires the government to present four key statements in Parliament: Medium-term Fiscal Policy, Fiscal Policy Strategy, Macroeconomic Framework, and Medium-term Expenditure Framework.

**Public Debt:** Public debt consists of **Internal debt** (market loans, bonds, treasury bills, and securities issued domestically) and **External debt** (loans from foreign countries and international institutions).

- Other liabilities include small savings, provident funds, securities issued to various corporations,

and reserve funds.

## Banking Sector

**Credit Growth:** India's banking sector remained resilient amid global challenges. SCB credit grew 20.2% to ₹164.3 lakh crore by March 2024.

- Agricultural credit rose to ₹20.7 lakh crore, supported by over 7.4 crore KCC accounts. Industrial credit grew 8.5%, while NBFC lending accelerated in personal and industry loans.

**Banking Sector Performance:** Banks' asset quality improved with low NPAs. As of March 2024, SCBs had a CRAR of 16.8% and CET-1 of 13.9%.

- RoA and RoE rose, and GNPA fell to 2.8%, NNPA to 0.6%, and PCR improved to 76.4%.

**Bilateral Netting of Qualified Financial Contracts Act, 2020:** The Act enables enforceability of close-out netting, reducing banks' gross exposure to net exposure, thus saving capital, lowering systemic risk, and supporting financial market development.

**Balance of Payments:** The current account deficit narrowed to 0.7% of GDP in 2023-24, aided by a reduced trade deficit and higher net invisible receipts. However, net FDI inflows declined from USD 42 billion in 2022-23 to USD 26.6 billion in 2023-24.

## Climate Finance

- India's climate actions rely primarily on domestic financing, with an estimated need of USD 2.5 trillion (2015–2030). Adaptation needs are projected at ₹56.68 trillion by 2030. Global commitments of USD 100 billion annually remain crucial.
  - **Sustainability Disclosures:** SEBI mandates ESG disclosures under the BRSR framework for the top 1,000 listed entities since 2022-23, enhancing transparency with detailed, quantifiable metrics.
  - **Sovereign Green Bonds:** Announced in Union Budget 2022-23, these bonds mobilize funds for public sector projects aimed at reducing carbon intensity.

## Financial State

**Foreign Exchange Reserve:** As of October 2024, India's forex reserves reached USD 701 billion, becoming the fourth country after China, Japan, and Switzerland to cross this mark. Since January 2024, reserves have grown by USD 84 billion, providing a vital economic buffer.

**Financial Stability:** The government designated bullion spot delivery contracts, bullion depository receipts, Electronic Gold Receipts (EGRs), and Zero Coupon Zero Principal instruments as "securities" under the Securities Contracts (Regulation) Act, 1956. Non-Profit Organizations, except Section 8 companies, are restricted from raising funds through debt, equity, or units.

- **GIFT IFSC:** India operationalized its first IFSC at GIFT City in 2015, leveraging its large economy, skilled workforce, and diaspora. It aims to be a global financial hub, supported by competitive regulations and a focus on FinTech through initiatives like the Regulatory and Innovation Sandbox.
- **Backstop Facility:** The government launched the Guarantee Scheme for Corporate Debt (GSCD) to back the Corporate Debt Market Development Fund (CDMDF), providing market stability during disruptions.
- **CSIRT-Fin:** Established in 2020, CSIRT-Fin enhances cybersecurity in the financial sector. Guided by an advisory committee, it focuses on governance, strategy, and sector-wide cybersecurity posture.
- **FSDC:** Formed in 2010, the Financial Stability and Development Council (FSDC) promotes financial stability, inter-regulatory coordination, and financial literacy, while monitoring macroprudential risks and large financial entities.

## Infrastructure Development

- **Infrastructure Finance Secretariat:** The DEA established the Infrastructure Finance Secretariat to coordinate infrastructure financing policies, attract private investments, and build institutional capacities for project implementation.
- **Public-Private Partnerships (PPPs):** India uses various PPP models like BOT, DBFOT, ROT, HAM, and TOT for infrastructure development. Support mechanisms like Viability Gap Funding (VGF) and the India Infrastructure Project Development Fund (IIPDF) promote bankable PPP projects, especially in social sectors.
- **National Monetisation Pipeline (NMP):** NMP aims to unlock ₹6 lakh crore by FY25 by monetising government assets across 20+ sectors.
- **National Infrastructure Pipeline (NIP):** With an estimated investment of ₹111 lakh crore, the NIP includes over 8,900 projects, mainly in transport, to drive economic growth. Progress is tracked via the Invest India Grid (IIG) platform.
- **Energy:** India's renewable energy push includes PM-KUSUM for solarising farms and the Solar Park Scheme for infrastructure support, aiming at energy security and reduced carbon emissions.
- **Infrastructure Debt Funds (IDFs):** IDFs refinance existing infrastructure debt, freeing bank capital for new projects. Set up as NBFCs or Mutual Funds, they attract long-term institutional investments.
- **InvITs & REITs:** Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) pool funds for infrastructure and real estate projects. They offer tax efficiency, attract global investors, and provide refinancing options for developers.
- **National Investment and Infrastructure Fund (NIIF):** NIIF Limited (NIIFL) is a government-backed investment platform for Indian and global investors, managing over USD 4.9 billion across four funds: Master Fund, Fund of Funds, Strategic Opportunities Fund, and India-Japan Fund.
  - It invests in sectors critical to India's growth, such as logistics (PM Gati Shakti), renewable energy, wastewater management (Namami Gange), healthcare, and affordable housing (PMAY).
  - NIIFL supports over 50 businesses across diverse sectors, including smart meters, ports, climate infrastructure, digital infrastructure, and electric mobility. Through the NIIF Green Frontier Initiative, it promotes financing India's green transition.

## International Interface of India

- **G20:** Formed in 1999, the G20 is a key forum for global economic and financial governance, elevated to a leaders' summit post-2008 crisis.
  - It operates through the Finance Track and Sherpa Track, addressing global economic outlook, financial reforms, taxation, sustainable finance, and more.
  - India held the Presidency from 2022 to 2023, followed by Brazil (2024) and South Africa (2025).
- **BRICS:** BRICS (Brazil, Russia, India, China, South Africa) represents emerging markets and South-South cooperation. Its major achievement is the New Development Bank (NDB), launched in 2014 to fund infrastructure and sustainable development in BRICS and beyond.
  - In 2023, BRICS expanded to include Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE.
- **SAARC:** Established in 1985, the South Asian Association for Regional Cooperation (SAARC) promotes regional cooperation across eight member countries.
  - Its secretariat is in Kathmandu, Nepal.
- **SAARC Development Fund (SDF):** Set up in 2008, the SDF finances projects under Social, Economic, and Infrastructure windows to boost livelihoods and regional integration among SAARC nations.

## Multilateral Relations

- **United Nations Development Programme (UNDP):** UNDP supports sustainable development, poverty reduction, gender equity, and environmental protection.
  - India contributes around USD 4.5 million annually, among the highest for developing countries. The Ministry of Finance oversees India's engagement with UNDP and related



programmes.

- **International Monetary Fund (IMF):** India, a founding member of the IMF, participates actively in promoting global financial stability.
  - The Finance Minister represents India on the IMF Board. Bangladesh, Bhutan, and Sri Lanka share India's IMF constituency.
- **World Bank:** India, a founding member, partners with the World Bank (IBRD and IDA) for development projects spanning poverty reduction, infrastructure, disaster management, and rural development.
- **New Development Bank (NDB):** NDB, founded by BRICS nations, funds infrastructure and sustainable development projects in emerging economies.
  - With equal shareholding, India is a major borrower for sectors like transport, health, water, and finance.
- **Asian Infrastructure Investment Bank (AIIB):** Established in 2016, AIIB finances sustainable infrastructure in Asia. India is a founding member and the second-largest shareholder.
- **International Fund for Agricultural Development (IFAD):** Established in 1977 as the 13th specialized agency of the UN, IFAD is headquartered in Rome and focuses exclusively on transforming agriculture, rural economies, and food systems.
  - With 177 member countries, including India as a founding member, IFAD works to eradicate poverty and hunger in rural areas of developing nations.
- **Global Environment Facility (GEF):** The GEF promotes international cooperation by providing grants and concessional funding for global environmental initiatives in biodiversity, climate change, land degradation, international waters, chemicals, and waste.
  - It also serves as the financial mechanism for several environmental conventions, including the CBD, UNFCCC, UNCCD, Stockholm Convention, and Minamata Convention.
  - Additionally, it supports the Montreal Protocol for economies in transition.
- **Asian Development Bank (ADB):** Headquartered in Manila, ADB aims for a prosperous, inclusive, resilient, and sustainable Asia-Pacific, helping its 68 members with loans, grants, equity investments, and technical assistance.
- **European Bank for Reconstruction and Development (EBRD):** Founded in 1991 and based in London, the EBRD supports over 30 countries in Central Europe, Central Asia, and the Southern and Eastern Mediterranean in transitioning to market-oriented economies with multiparty democracy.
- **Security Printing and Minting Corporation of India Ltd. (SPMCIL):** SPMCIL, a PSU under the Department of Economic Affairs, was incorporated in 2006. It manufactures security paper, mints coins, prints currency, stamps, passports, and other security documents. It supplies products to the RBI, state governments, and other agencies. In 2010, SPMCIL partnered with BRBNMPL to establish Bank Note Paper Mill India Private Ltd. (BNPMIPL).
  - **Bharatiya Reserve Bank Note Mudran Pvt. Ltd. (BRBNMPL):** A wholly owned RBI subsidiary, BRBNMPL was established in 1995 to enhance banknote production and meet national demand.
  - **Bank Note Paper Mill India Private Ltd. (BNPMIPL):** Established in 2010 as a joint venture between SPMCIL and BRBNMPL. BNPMIPL began commercial production in 2016 and now supplies India's entire banknote paper needs.

## Department of Expenditure

- The Department oversees public financial management, implements Finance and Pay Commission recommendations, audits, and manages central accounts.
- It appraises centrally funded projects and operates divisions such as Personnel, Public Finance, Procurement Policy, and Pension Accounting. It also administers AJNIFM, Faridabad.

**Additional Borrowing:** The 15th Finance Commission allowed states an extra borrowing space of 0.5% of GSDP for power sector reforms from 2021-22 to 2024-25, aiming to improve efficiency and promote higher electricity consumption.

**Public Financial Management System (PFMS):** PFMS is a digital platform for tracking and managing public funds, enabling direct payments to beneficiaries under 1,146 schemes in 2023-24. It supports DBT, improves fund flow, and enhances transparency under the Digital India initiative.

**e-Bill:** Launched in March 2022, the e-Bill system is part of the Ease of Doing Business and Digital India initiatives. It enhances transparency, efficiency, and enables a faceless, paperless payment process by allowing suppliers and contractors to submit and track claims online in real time.

**Bharatkosh Portal:** Bharatkosh is a one-stop portal for receiving non-tax receipts of the Government of India. It offers 24x7 online payment services through internet-based methods like debit and credit cards.

**Controller General of Accounts (CGA):** Under the Ministry of Finance, CGA is the Principal Accounting Adviser to the Government of India. CGA prepares Union Government accounts, develops accounting policies, oversees payment and receipt processes, and monitors fiscal indicators.

- It also conducts internal audits to evaluate risk management, control systems, and governance processes.

**Central Pension Accounting Office (CPAO):** Established in 1990, CPAO manages pension payments for central government civil pensioners through authorized banks.

- Its functions include issuing Special Seal Authorities, budgeting, maintaining pensioners' data, and grievance redressal.
- Fully computerized, CPAO uses tools like e-Scroll, e-PPO, and the DIRGHAYU App (launched in 2023) for real-time tracking and services.
- The Pensioners' Facilitation Cell, set up in 2011, provides multiple grievance channels and dedicated services for CAPF pensioners.

**Institute of Government Accounts and Finance (INGAF):** Founded in 1992, INGAF is a Central Training Institute under the Department of Expenditure.

- It provides specialized training in accounting, administration, and financial management to personnel of the Indian Civil Accounts Organization.

## Department of Revenue

- The Department of Revenue oversees Union tax matters via two boards: **CBDT** (Manages direct taxes) and **CBIC** (Handles GST, customs, excise, and service tax). It also regulates stamp duties, opium production, and related matters.
- **Indian Stamp Act:** Enacted in 1899, the Indian Stamp Act governs duties on transaction instruments. A draft Stamp Bill, 2024, has been prepared to modernize the regime, setting threshold values for instruments and aligning with current needs.
- **Central Board of Direct Taxes (CBDT):** Formed under the Central Boards of Revenue Act, 1963, CBDT administers direct tax laws and controls the Indian Revenue Service. The Income Tax Department, under CBDT, operates nationwide with 18 regional offices. CBDT promotes taxpayer-friendly, technology-driven administration to widen the tax base and encourage voluntary compliance.
- **Directorate of Revenue Intelligence (DRI):** DRI, under CBIC, is India's apex anti-smuggling agency.
  - It enforces the Customs Act and over 50 allied laws, including NDPS, Arms, Wildlife, and Antiquities Acts. DRI collects intelligence on smuggling and financial frauds, and works with global counterparts under Customs Mutual Assistance Agreements.
- **Directorate of Enforcement (ED):** Established in 1956, ED enforces FEMA (1999), PMLA (2002), and the Fugitive Economic Offenders Act (2018).
  - It investigates money laundering, foreign exchange violations, and financial frauds. ED can impose penalties up to three times the contravention amount and confiscate assets.
  - ED is the nodal agency for financial intelligence and international cooperation in money laundering cases.
  - Under the Fugitive Economic Offenders Act, action is taken against economic offenders involved in offences exceeding ₹100 crore who evade prosecution by staying abroad.
- **Financial Intelligence Unit-India (FIU-IND):** FIU-IND, established in 2004, is the central agency for receiving, analysing, and disseminating information on suspicious financial transactions. It aims to strengthen financial intelligence coordination to combat money laundering and terrorist

financing.

- FIU-IND is an independent body under the Department of Revenue, reporting to the Economic Intelligence Council (EIC).

- **Central Bureau of Narcotics (CBN):** Headquartered in Gwalior, CBN operates under CBIC's administrative control and the Department of Revenue's oversight. As India's National Opium Agency under the 1961 UN Convention, it supervises legal opium cultivation in MP, UP, and Rajasthan.
  - CBN also combats illicit cultivation, enforces NDPS Act, issues licenses for synthetic narcotics, allocates quotas, and handles registrations. It acts as the Competent National Authority for narcotics and precursor chemicals under international conventions.

## Finance: Recent Initiatives

### Direct Tax

- **Introduction of Direct Tax Vivad Se Vishwas Scheme, 2024:** To reduce pending litigation, the Direct Tax Vivad Se Vishwas Scheme, 2024 was introduced, following the success of the 2020 scheme. It aims to provide a mechanism for the settlement of disputed issues, thereby reducing litigation at minimal cost to the exchequer.

### Citizen-Friendly Initiatives

- **e-Verification Scheme:** Uses data analytics for transparent verification of transactions.
- **Centralised Processing:** CPC-ITR automates return processing for faster refunds and compliance.
- **Faceless Assessments & Appeals:** Introduced for greater transparency and reduced corruption.
- **e-Campaigns & Social Media:** Uses data analytics and social media outreach, including 'Taxpayers' Hub' and Motu-Patlu comic series.

### Action Against Black Money

- **SIT on Black Money:** Active since 2014 to monitor black money cases.
- **Benami Transactions Act (2016):** Provides for property confiscation and prosecution.
- **Black Money Act (2015):** Strict provisions against undisclosed foreign income and assets; aligned with PMLA.

### Central Board of Indirect Taxes and Customs (CBIC)

- Administers Customs, Excise, GST, IGST, and anti-smuggling operations.
- Focused on improving taxpayer services, compliance, trade facilitation, and human resource development.
- Structure: Chairman + 6 members.

**Goods and Services Tax (GST):** Implemented in 2017, GST subsumed various central and state indirect taxes like Central Excise Duty, Service Tax, Additional Customs Duty, VAT, and cesses.

- It covers all goods and services except alcoholic liquor for human consumption. Petroleum products remain outside GST until notified by the GST Council.
- States are compensated for revenue loss due to GST.

**Customs:** Indian Customs adopts cutting-edge technology to improve services for cargo and passengers.

- Facilities like 24x7 customs clearance at 19 sea ports and 17 air cargo complexes, SWIFT (Single Window Interface for Facilitation of Trade), and Direct Port Delivery (DPD) enhance ease of doing business. "Turant Customs," featuring Faceless Assessment, speeds up clearance, reducing costs and improving India's global trade rankings.

**Banking and Ecosystem Reforms:** India's banking sector includes 137 scheduled commercial banks

(PSBs, private, small finance, payment, RRBs, foreign banks), cooperative, and local area banks. Recent reforms focus on credit discipline (IBC, CRILC), early stress recognition, ARC regulations, and governance improvements in PSBs. Digital initiatives include UPI, DBT, and Jan-Dhan-Aadhaar-Mobile integration. Amendments to the Prevention of Corruption Act protect bankers' decision-making from undue harassment.

**Digital Banking Units (DBUs):** Launched in 2022-23, 75 DBUs across districts provide end-to-end digital services, supporting account opening, loans, payments, enrolments, and MSME credit processing via Jan Samarth portal.

**Account Aggregator Framework:** The RBI introduced the Account Aggregator (AA) Framework in 2016, detailing registration, duties, consent architecture, data security, and technical standards for Account Aggregators (AAs).

- AAs are NBFCs that securely transfer data based on user consent. Participation is voluntary, with ReBIT (an RBI subsidiary) setting technical standards for Financial Information Providers (FIPs) and Financial Information Users (FIUs).
- The framework centralizes user control over financial data, streamlining access to information, expediting loan approvals, and improving investment decisions.

**e-DRT:** Launched in 2018, the e-DRT project digitized the operations of 39 Debt Recovery Tribunals (DRTs) and 5 Debt Recovery Appellate Tribunals (DRATs).

- It automated processes, enhanced transparency, and improved efficiency.
- Features include e-filing, Bharat Kosh integration for online payments, SMS alerts, Case Information System (CIS), Management Information System (MIS), and public access to orders, case status, and cause lists.

**Enhanced Access and Service Excellence (EASE) Reforms:** Started in 2018, EASE aims to transform PSBs through risk assessment, NPA management, financial inclusion, digitalization, improved customer service, and governance reforms. EASE 5.0 focuses on:

- **Digital offerings:** Expanding digital solutions, especially for MSMEs and agri value chains.
- **Big data & analytics:** Promoting data-driven decision-making.
- **Modern tech capabilities:** Enhancing customer experience and faster delivery of services.
- **Collaborative banking:** Strengthening partnerships and collaborations.
- **Employee development & governance:** Implementing objective, digital HR practices.

## Rural Banking

**Regional Rural Banks (RRBs):** Established under the RRB Act, 1976, RRBs aim to provide institutional credit to rural and agricultural sectors. Owned jointly by the central government (50%), state governments (15%), and sponsor banks (35%), RRBs finance infrastructure projects and support FPOs, Joint Liability Groups, and various rural development programs.

- As of March 2024, 43 RRBs operated 22,069 CBS-enabled branches across 700 districts in 26 states and 3 UTs.

**NABARD:** Founded in 1982, NABARD supports agriculture and rural development through credit regulation, infrastructure financing, and coordination with states and banks.

- It promotes innovations, financial inclusion, and micro-finance, while monitoring rural credit flow and development initiatives.

**Kisan Credit Card (KCC):** Introduced in 1998-99, KCC ensures flexible, timely, and cost-effective credit for farmers. With simplified processes, KCCs are valid for five years, offering annual 10% limit increases.

- Interest subvention of 1.5% applies, with an additional 3% for prompt repayment, reducing rates to 4%.



- Marginal farmers can access flexible limits between ₹10,000–₹50,000, supporting rural growth and farmer incomes.

## Initiatives Under Atma Nirbhar Bharat Abhiyan

- **Agriculture Infrastructure Scheme:** The Agriculture Infrastructure Fund (AIF) was launched under the Atma Nirbhar Bharat package, with a target lending of ₹1 lakh crore (2020–21 to 2023–24) to mobilize long-term financing for post-harvest management and community farming infrastructure.
- **Animal Husbandry Infrastructure Development Scheme:** The Animal Husbandry Infrastructure Development Fund (AHIDF), with ₹15,000 crore targeted lending (2020–21 to 2022–23), promotes investments by entrepreneurs, private firms, and FPOs in dairy and meat processing infrastructure.
- **Reforms in the Insurance Sector:** The Insurance Regulatory and Development Authority of India (IRDAI), based in Hyderabad, regulates the sector to protect policyholders, ensure fair practices, and promote growth.
- **Key reforms:** FDI limit raised from 49% to 74% (2021); 100% FDI allowed for intermediaries.
  - IPO of LIC (2022) via LIC Act amendment.
  - Privatization boost under General Insurance Business (Nationalisation) Amendment Act, 2021.
  - Updated regulations for foreign insurers, SEZ operations, and grievance redressal mechanisms.
  - Insurance Ombudsman Rules amended in 2017, 2018, and 2021.
  - Appeals process streamlined under the Insurance (Appeal to SAT) Rules, 2016.
  - Applicable provisions of Insurance Act, 1938 extended to insurers in IFSCs.

## Social Security Scheme

- **Pradhan Mantri Vaya Vandana Yojana (PMVVY):** Offered by LIC, PMVVY provides senior citizens (60+) with assured pension for 10 years, ensuring old-age income security.
- **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) & Pradhan Mantri Suraksha Bima Yojana (PMSBY):** Launched in 2015 to expand insurance coverage:
  - PMJJBY: Life insurance against any cause of death.
  - PMSBY: Accident insurance for accidental death or disability.
- **Pension Sector:** The Pension Fund Regulatory and Development Authority (PFRDA), established by the PFRDA Act, 2013, regulates and promotes pension schemes like the National Pension System (NPS).
  - NPS, operational since 2004, covers government and private sector employees, including the unorganized sector.
  - PFRDA ensures pension asset security through strict eligibility norms, governance frameworks, and regular regulatory reviews.
- **Atal Pension Yojana (APY):** Launched in 2015, APY targets workers in the unorganised sector, providing pension benefits under NPS and regulated by PFRDA.
- **Pradhan Mantri Jan Dhan Yojana (PMJDY):** Launched in 2014, PMJDY aims for universal banking access, offering basic bank accounts with RuPay debit cards and accident insurance.
- **Pradhan Mantri Mudra Yojana (PMMY):** Launched in 2015, PMMY offers collateral-free loans up to ₹10 lakh for micro and small businesses. Categories include:
  - **Shishu:** Loans up to ₹50,000
  - **Kishore:** ₹50,000 to ₹5 lakh
  - **Tarun:** ₹5 lakh to ₹10 lakh
- **Stand-Up India Scheme:** Launched in 2016, it supports SC/ST and women entrepreneurs with loans between ₹10 lakh and ₹1 crore for new businesses. Borrowers contribute at least 10% of project cost.
- **DIGIDHAN Mission:** Established in 2017, DIGIDHAN promotes digital payments, aiming for 2,500 crore transactions annually. In 2023, its functions shifted to the Department of Financial Services.
- **Unified Payments Interface (UPI):** UPI enables instant payments across multiple bank accounts via a single app. Transactions soared from 92 crore in FY 2017-18 to 13,116 crore in FY 2023-24. Innovations include e-RUPI, 123Pay, Aadhaar OTP onboarding, and UPI Lite.

- UPI is live in multiple countries, with RuPay gaining global acceptance.
- **Department of Investment and Public Asset Management (DIPAM):** Initially established as the Department of Disinvestment in 1999, it became the Ministry of Disinvestment in 2001.
  - Since 2004, it has operated under the Ministry of Finance and was renamed DIPAM in 2016.
  - DIPAM manages the central government's equity investments, oversees disinvestment decisions (including strategic disinvestment), manages the utilization of disinvestment proceeds via the National Investment Fund, advises on financial restructuring of CPSEs, and handles matters related to the Unit Trust of India and SUUTI.
- **Disinvestment Policy:** While strategic disinvestment paused between 2004 and 2014-15, it resumed actively from 2015-16. NITI Aayog identifies CPSEs for disinvestment based on national security, sovereign functions, and market conditions. The government's disinvestment strategy includes:
  - **Strategic Disinvestment/Privatization:** Involves substantial sale of government stake along with transfer of management control to enhance efficiency, attract investment, and boost growth and employment.
  - **Minority Stake Sale:** Sale of minority shares in CPSEs without transferring control to unlock value, ensure public ownership, and comply with SEBI norms.
- **New PSE Policy (2021):** Under the Atma Nirbhar Bharat initiative, the policy aims to unlock the economic potential of PSEs, improve productivity, and generate employment. It classifies sectors into:
  - **Strategic sectors:** Limited presence of PSEs.
  - **Non-strategic sectors:** PSEs to be privatized or closed, except entities serving public welfare or developmental roles.
- **Bharat Bond ETF:** Launched in 2019, the Bharat Bond ETF comprises AAA-rated CPSE bonds. Four tranches have raised ₹32,400 crore, receiving strong investor response, especially from retail investors.