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COMMITTEES IN ECONOMICS

E-BOOK XVI

COMMITTEES IN ECONOMICS

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Committees in Economics

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1.Bimal Jalan Committee

Year of forming:

- The six-member panel, under former RBI Governor Jalan was appointed on December 26, 2018, to review the economic capital framework (ECF) for the Reserve Bank of India (RBI) after the finance ministry wanted the central bank to follow global best practices and transfer more surplus to the government.

Head of the Commission:

- The committee, headed by Bimal Jalan

Problem Statement:

- To review the economic capital framework (ECF) for the Reserve Bank of India (RBI)

Important Recommendation

- **RBI's economic capital:** After reviewing the status, need and justification, the committee recommended its continuance. Maintaining a distinction between realised equity and revaluation balances, it was recommended that realised equity could be used for meeting all risks/ losses while revaluation balances could be reckoned only as risk buffers against market risks as they represented unrealised valuation gains and hence were not distributable

- **Risk provisioning for market risk:** The committee has recommended the adoption of Expected Shortfall (ES) methodology under stressed conditions for measuring the RBI"s market risk. While central banks are seen to be adopting ES at 99 per cent confidence level (CL), the committee recommended the adoption of a target of ES 99.5 per cent CL keeping in view the macroeconomic stability requirements.

- **Size of realised equity:** Keeping in mind RBI"s role as the monetary authority and the lender of the last resort, realised equity will also be required to cover credit risk and operational risk. This risk provisioning made primarily from retained earnings is cumulatively referred to as the Contingent Risk Buffer (CRB) and has been recommended to be maintained within a range of 6.5 per cent to 5.5 per cent of the RBI"s balance sheet, comprising 5.5 to 4.5 per cent for monetary and financial stability risks and 1.0 per cent for credit and operational risks.

- **Surplus Distribution Policy:** The Committee has recommended a surplus distribution policy that targets the level of realised equity to be maintained by the RBI, within the overall level of its economic capital vis-à-vis the earlier policy which targeted total economic capital level alone. Only if realised equity is above its requirement, will the entire net income be transferable to the Government. If it is below the lower bound of requirement, only the residual net income (if any) will be transferred to the Government.levels of financial resilience globally.

2. C.Rangrajan Committee

Year of forming:

- The Planning commission had set up the five-member expert group under Rangarajan to review the methodology for measurement of poverty. The committee was set up in the backdrop of national outrage over the Planning Commission"s suggested poverty line of Rs 22 a day for rural areas.

Head of the Commission:

- The committee, headed by C.Rangarajan

Problem Statement:

- To review the methodology for measurement of poverty

Important Recommendation

- The expert committee set up by the Planning Commission under C Rangarajan, former chairperson of of Prime Minister's Economic Advisory Council, has redefined the poverty line. According to the report of the committee, the new poverty line should be Rs 32 in rural areas and Rs 47 in urban areas. The earlier poverty line figure was Rs 27 for rural India and Rs 33 for Urban India

- The Rangarajan committee estimation is based on an independent large survey of households by Center for Monitoring Indian Economy (CMIE). It has also used different methodology wherein a household is considered poor if it is unable to save. The methods also include on certain normative levels of adequate nourishment, clothing, house rent, conveyance, education and also behavioral determination of non-food expenses. It also considered average requirements of calories, protein and fats based on ICMR norms differentiated by age and gender.
- Based on this methodology, Rangarajan committee estimated the number of poor were 19 per cent higher in rural areas and 41 per cent more in urban areas than what was estimated using Tendulkar committee formula.
- The Expert Group (Tendulkar) had used the all-India urban poverty line basket as the reference to derive state-level rural and urban poverty. This was a departure from the earlier practice of using two separate poverty line baskets for rural and urban areas. The Expert Group (Rangarajan) reverts to the practice of having separate all-India rural and urban poverty basket lines and deriving state-level rural and urban estimates from these.
- Rangarajan report also rejects the recommendation of the Tendulkar report to delink poverty lines from calorie norms. The report adds proteins and fats to the nutrient-norm, in addition to calories. The new protein norm is 48 gm (rural) and 50 gm (urban) per capita per day. The new fat norm is 28 gm (rural) and 26 gm (urban) per capita per day.
- Rangarajan report has reduced the calorie requirement in rural areas to 2155 calories (from 2400 calories) and in urban areas to 2090 calories (from 2100 calories).
- The Expert Group (Rangarajan) prefers NSSO's estimates and decides not to use the NAS estimates. This is in line with the approach taken by Expert Group (Lakdawala) and Expert Group (Tendulkar).
- Rangarajan report have added two more items of expenditure in estimating the poverty line: (a) clothing expenses, rent, conveyance and education expenses; and (b) all non-food expenses that meet nutrition requirements.

3. Narasimham Committee

Year of forming:

- The **Narasimham Committee** was tasked with the progress review of the implementation of the banking reforms since 1992 with the aim of further strengthening the financial institutions of India.

Head of the Commission:

- Government of India appointed a nine member committee headed by M. Narasimham, the former Governor of RBI on August 14, 1991.

Problem Statement:

- Strengthening the financial institutions of India

Important Recommendation

The main recommendations of Narasimham Committee (1991) on the Financial (Banking) System are as follows;

- Statutory Liquidity Ratio (SLR) is brought down in a phased manner to 25 percent (the minimum prescribed under the law) over a period of about five years to give banks more funds to carry business and to curtail easy and captive finance.
- The RBI should reduce Cash Reserve Ratio (CRR) from its present high level.
- Directed Credit Programme i.e., credit allocation under government direction, not by commercial judgement of banks under a free market competitive system, should be phased out. The priority sector should be scaled down from present high level of 40 percent of aggregate credit to 10 percent. Also the priority sector should be redefined.
- Interest rates to be deregulated to reflect emerging market conditions.
- Banks whose operations have been profitable is given permission to raise fresh capital from the public through the capital market.
- Balance sheets of banks and financial institutions are made more transparent.
- Set up special tribunals to help banks recover their debt speedily.
- Changes be introduced in the bank structure 3-4 large banks with international character, 8 - 10 national banks with branches throughout the country, local banks confined to specific region of the country, rural banks confined to rural areas.
- Greater emphasis is laid on internal audit and internal inspection in the banks.

- Government should indicate that there would be no further nationalisation of banks, the new banks in the private sector should be welcome subject to normal requirements of the RBI, branch licensing should be abolished and policy towards foreign banks should be more liberal.
- Quality of control over the banking system by the RBI and the Banking Division or the Ministry of Finance should be ended and the RBI should be made primary agency for regulation of banking system.
- A new financial institution called the Assets Reconstruction Fund (A RF). Should be established which would take over from banks and financial institutions a portion of their bad and doubtful debts at a discount (based on realisable value of assets), and subsequently follow up on the recovery of the dues owed to them from the primary borrowers

4. Suresh Tendulkar Committee

Year of forming:

- A **committee** was formed by government of India in 2005, with **Tendulkar** as chairman to 'report on methodology of estimation of poverty'.

Head of the Commission:

- The committee, headed by Suresh Tendulkar

Problem Statement:

- To report on methodology of estimation of poverty

Important Recommendation

- Poverty Estimation based its calculations on the consumption of the items like cereal, pulses, milk, edible oil, non-vegetarian items, vegetables, fresh fruits, dry fruits, sugar, salt & spices, other food, intoxicants, fuel, clothing, footwear, education, medical (non-institutional and institutional), entertainment, personal & toilet goods.
- Unlike Alagh committee (which relied on separate PLB for rural and urban areas), Tendulkar Committee computed new poverty lines for rural and urban areas of each state based on the uniform poverty line basket and found that all India poverty line

(2004-05) was:

- 46.68 per capita per month in rural areas
- 78.80 per capita per month in urban areas

- Incorporation of private expenditure on health and education while estimating poverty.
- The Committee also recommended a new method of updating poverty lines, adjusting for changes in prices and patterns of consumption (to correct spatial and temporal issues with price adjustment), using the consumption basket of people close to the poverty line.
- The Committee recommended using Mixed Reference Period based estimates, as opposed to Uniform Reference Period based estimates that were used in earlier methods for estimating poverty.
- Tendulkar committee computed poverty lines for 2004-05 at a level that was equivalent, in Purchasing Power Parity (PPP) terms to Rs 33 per day.

5. Kelkar Committee

Year of forming:

- The committee was set up by India's central government and headed by Vijay Kelkar. The committee was set up following 2015 Union budget of India by the then finance minister of India Arun Jaitley. It comprised 10 members

Head of the Commission:

- The committee, headed by Vijay Kelkar

Problem Statement:

- Kelkar committee to evaluate PPP in India was a committee set up to study and evaluate the extant public-private partnership (PPP) model in India.

Important Recommendation

- The Committee on Revisiting and Revitalizing the PPP model of Infrastructure Development (Chair: Dr. Vijay Kelkar) submitted its report to the Finance Ministry on November 19, 2015. The Committee was formed following the Finance Minister"s announcemet on revising the Public Private Partnership (PPP) mode of infrastructure development in his budget speech, 2015-16. This note summarises the key findings and recommendations of the report.

- Terms of reference of the Committee included:

(i) reviewing the experience of PPP policy, including the variations in contracts and the difficulties experienced,

(ii) analysing the risks involved in PPP projects in different sectors and the framework of risk sharing between the project developer and the government,

(iii) proposing design modifications to the contractual arrangements of PPPs based on the above; and

(iv) proposing measures to improve capacity building in government for effective implementation of PPP projects.

Recommendation

- **Revisiting PPPs:** The Committee noted that, with the current demographic transition, and the consequent growing need for better infrastructure, it is important for India to mature its current model of PPPs. PPPs have the potential to deliver infrastructure projects better and faster. Currently, PPP contracts focus more on fiscal benefits. The Committee recommended that the focus should instead be on service delivery for citizens. Further, fiscal reporting practices and performance monitoring of PPPs should be improved.

- The PPP model requires the involvement of a private partner to leverage financing and improve operational efficiencies. Therefore, state owned enterprises or public sector undertakings should not be allowed to bid for PPP projects. PPPs should not be used by the government to evade its responsibility of service delivery to citizens. This model should be adopted only after checking its viability for a project, in terms of costs and risks. Further, PPP structures should not be adopted for very small projects, since the benefits are not commensurate with the costs.

- **Risk allocation and management:** The Committee noted that inefficient and inequitable allocation of risk can be a major factor leading to failure of PPPs. PPP contracts should ensure optimal risk allocation across all stakeholders by ensuring that it is allocated to the entity that is best suited to manage the risk. A generic risk monitoring and evaluation framework should be developed covering all aspects of a project‟s lifecycle. The Committee also recommended the guidelines for risk allocation.

- **Strengthening policy and governance**: Ministry of Finance may develop a national PPP policy document, endorsed by Parliament. The Committee also recommended formulating a PPP law, if feasible. Further, the Prevention of Corruption Act, 1988 should be amended to distinguish between genuine errors in decision making and acts of corruption by public servants.
- **Strengthening institutional capacity:** The capacity of all stakeholders including regulators, authorities, consultants, financing agencies, etc should be built up. A national level institution should be set up to support institutional capacity building activities, and encouraging private investments with regard to PPPs. Independent regulators must be set up in sectors that are going for PPPs. An Infrastructure PPP Project Review Committee may be set up to evaluate PPP projects. An Infrastructure PPP Adjudication Tribunal should also be constituted. A quick, efficient, and enforceable dispute resolution mechanism must be developed for PPP projects.
- Government should notify guidelines for auditing of PPPs, only enabling the review of government internal systems. Special Purpose Vehicles (private partners) should follow norms of corporate governance and financial disclosures as per the Companies Act, 2013.
- **Strengthening contracts:** Since infrastructure projects span over 20-30 years, a private developer may lose bargaining power because of abrupt changes in the economic or policy environment. The Committee recommended that the private sector must be protected against such loss of bargaining power. This could be ensured by amending the terms of the PPP contracts to allow for renegotiations. The decision on a renegotiated concession agreement must be based on (i) full disclosure of renegotiated costs, risks and benefits, (ii) comparison with the financial position of the government at the time of signing the agreement, and (iii) comparison with the existing financial position of the government just before renegotiation.

6. Abhijeet Sen Committee

Year of forming:

- The government had set up the five-member expert committee, headed by planning commission member Abhijit Sen, to study the extent of impact, if any, of futures trading on wholesale and retail prices of agricultural commodities

Head of the Commission:

- The committee, headed by Abhijit Sen

Problem Statement:

- Formulating foodpolicy in long term

Important Recommendation

- The government had set up the five-member expert committee, headed by planning commission member Abhijit Sen, to study the extent of impact, if any, of futures trading on wholesale and retail prices of agricultural commodities as per the announcement made by finance minister P Chidambaram while presenting the budget for 2007-08
- The Abhijit Sen Committee on Long-term Grain Policy recommended that the MSPs that CACP recommends must be based on its projection of the full C2 cost.

7. Malegam Committee

Year of forming:

- This Sub-Committee of the Board was formed on October 15, 2010, under the chairmanship of Mr Y.H. Malegam.

Head of the Commission:

- The committee, headed by Mr Y.H. Malegam.

Problem Statement:

- The Committee submitted its report in December 2011. The report contains suggestions to regulate the microfinance sector, pricing of interest, increasing transparency, and reducing the problems of multiple lending and over borrowing.

Important Recommendation

- Creation of a separate category of NBFCs viz. NBFC-MFIs to be regulated, and supervised, by the RBI
- An average "margin cap" of 10 per cent for MFIs having a loan portfolio of Rs.100 Crore and of 12 per cent for smaller MFIs. An interest cap of 24% on individual loans of MFIs.
- In the interest of transparency, an MFI can levy only three charges, namely, (a) processing fee (b) interest and (c) insurance charge.
- A borrower can be a member of only one Self- Help Group (SHG) or a Joint Liability Group (JLG).

8. Tarapore Committee

Year of forming:

- The Tarapore committee was set up by the Reserve Bank of India under the chairmanship of former RBI deputy governor S. S. Tarapore to "lay the road map" to capital account convertibility. The committee submitted its report in May 1997

Head of the Commission:

- The committee, headed by S.S Tarapore

Problem Statement:

- To "lay the road map" to capital account convertibility.

Important Recommendation

- The five-member committee recommended a three-year time frame for complete convertibility by 1999–2000
- The Tarapore committee observed that the Capital controls can be useful in insulating the economy of the country from the volatile capital flows during the transitional periods and also in providing time to the authorities, so that they can pursue discretionary domestic policies to strengthen the initial conditions.

- The CAC Committee recommended the implementation of Capital Account Convertibility for a 3 year period viz. 1997-98, 1998-99 and 1999-2000.

9. Kumara Managalam Birla Committee

Year of forming:

- The Securities and Exchange Board of India (SEBI) appointed a committee on corporate governance on 7 May 1999, with 18 members under the chairmanship of Kumar Mangalam Birla with a view to promoting and raising the standards of corporate governance

Head of the Commission:

- The committee, headed by Kumar Mangalam Birla

Problem Statement:

- To promote and raise the standards of corporate governance

Important Recommendation

- The Birla Committee‟s recommendations consist of mandatory recommendations, and non-mandatory recommendations:

Mandatory Recommendations

- The mandatory recommendations apply to the listed companies with paid up share capital of 3 crore and above.
- Composition of board of directors should be optimum combination of executive & non-executive directors.
- Audit committee should contain 3 independent directors with one having financial and accounting knowledge.
- Remuneration committee should be setup
- The Board should hold at least 4 meetings in a year with maximum gap of 4 months between 2 meetings to review operational plans, capital budgets, quarterly results, minutes of committee‟s meeting.

- Director shall not be a member of more than 10 committee and shall not act as chairman of more than 5 committees across all companies
- Management discussion and analysis report covering industry structure, opportunities, threats, risks, outlook, internal control system should be ready for external review
- Any Information should be shared with shareholders in regard to their investments

Non-Mandatory Recommendations

- The committee made several recommendations with reference to:
- Role of chairman
- Remuneration committee of board
- Shareholders" right for receiving half yearly financial performance.
- Postal ballot covering critical matters like alteration in memorandum
- Sale of whole or substantial part of the undertaking
- Corporate restructuring
- Further issue of capital
- Venturing into new businesses

10.Injeti Srinivas Committee

Year of forming:

- The committee chaired by Injeti Srinivas, secretary, corporate affairs ministry, has submitted its recommendations on Corporate Social Responsibility (CSR) to the Minister of Corporate Affairs (MCA).

Head of the Commission:

- The committee, headed by Injeti Srinivas

Problem Statement:

- On Corporate Social Responsibility

Important Recommendation

- The expenses towards CSR should be eligible for deduction in the computation of taxable income.
- A clarification may be issued that for newly incorporated companies, the CSR obligation under Section 135 of the Companies Act shall lie only after they have been in existence for three years.
- A provision to carry forward unspent CSR balance for three to five years.
- CSR should not be used as a "means of resource-gap funding for government schemes".
- The Companies (Amendment) Act, 2019 provides that the CSR expenditure which remains unspent in three years would be transferred to any fund specified in Schedule VII of the Companies Act such as the Swachh Bharat Kosh, the Clean Ganga Fund, and the Prime Minister"s Relief Fund.
- The committee report said that the central government funds should be discontinued as CSR spend, and instead a special designated fund should be created for transfer of unspent CSR money beyond three to five years.
- Aligning Schedule VII of the Companies Act with the United Nations Sustainable Development Goals.
- The companies having CSR-prescribed amount below 50 lakh may be exempted from constituting a CSR Committee.
- The violation of CSR compliance may be made a civil offence and shifted to the penalty regime.
- This is a departure from the recent policy change which had provided for a three-year jail term for violating CSR norms.
- Introducing impact assessment studies for CSR obligations of ₹5 crore or more.
- CSR spending has to be a "board-driven process to provide innovative technology-based solutions for social problems" and that the board has to assess the credibility of an implementation agency, which have to be registered with the MCA to carry out CSR activities.
- Developing a CSR exchange portal to connect contributors, beneficiaries and agencies, allowing CSR in social benefit bonds and promoting social impact companies

11.Abid Husain Committee

Year of forming:

- . Abid Husain Committee of 1984

Head of the Commission:

- The committee, headed by Abid Husain

Problem Statement:

- On Trade policy

Important Recommendation

- In the Trade Policy of 1985-88 some measures were taken based upon the recommendation of Abid Husain Committee 1984. This committee envisaged "Growth Led Exports, rather than Export Led Growth".
- The recommendation of this committee stressed upon the need for harmonizing the foreign trade policies with other domestic policies.
- This committee recommended announcement of foreign trade policies for longer terms.
- The export import pass book scheme was introduced in 1985 as per recommendation of Abid Hussain Committee.

12. Sukhamoy Chakravarty Committee

Year of forming:

- The Sukhamoy Chakravarty Committee was formed in December 1982 under the chairmanship of Prof. Sukhamoy Chakroborty to assess the functioning of the Indian Monetary system.

Head of the Commission:

- The committee, headed by Sukhamoy Chakravarty

Problem Statement:

- To assess the functioning of the Indian Monetary system.

Important Recommendation

- Reduction in the growth of reserve money during the Seventh Plan period and the years to follow.
- The Reserve Bank should adopt monetary planning by assuming money supply growth rate targets year by year along with the operation of the country s five-year plans. It should also prepare a credit budget for this growth and allocation of credit.
- Relative price stability is to be maintained by not allowing the annual price rise to go beyond 4 per cent. "It would be desirable, in the Indian context, to assign to the monetary authority a major role in promoting price stability, and also to accord price stability a dominant position in the spectrum of objectives pursued by the monetary authority."
- Money supply growth target should be determined in view of the expanded growth rate in GNP, the real income elasticity of demand for money, and a permissible price rise of, say 4 per cent per annum.
- There is need for an upward revision of the administered interest rates. Yields on treasury bills and the government securities must be enhanced corresponding to the prevailing market rates of interest on other financial assets.
- Ceiling on call-rates should be removed.
- Long-term deposits and loans must yield a minimum of 3 per cent real rate of returns.
- There should be only two concessional lending rates applicable to bank credit provided to the specified priority sector borrowers, one of which should be equivalent to the basic (minimum) lending rate and the other somewhat lower than it. Banks should have freedom to fix their other lending rates.
- Banks should be assisted by the Reserve Bank by extending larger refinance and bills discounting facilities.
- Bill markets should be strengthened by removing impediments like payment of stamp duty, difficulty in obtaining supplies of stamp paper, administrative rigidities, etc.
- It is a misconception to assign to the trade sector a low priority for bank finance in comparison to the industrial sector in the present stage of development in Indian economy. Hence, the trade sector must be given due recognition and should not be starved of bank credit.

- The demand for money function in Indian economy needs detailed investigation. Universities, scholars and the Reserve Bank should undertake intensive research works in this regard.

13. Seventh Pay Commission headed by Justice AK Mathur

Year of forming:

- On 25 September 2013 then Finance Minister P Chidambaram announced that Prime Minister Manmohan Singh has approved the constitution of the 7th Pay Commission.

Head of the Commission:

- The committee, headed by AK Mathur

Problem Statement:

- 7th pay Commission

Important Recommendation

- The Seventh Pay Commission headed by Justice AK Mathur suggested 23.55% hike in pay and allowances of govt employees.
- 23.55 per cent increase in pay and allowances recommended
- Recommendations to be implemented from January 1, 2016
- Minimum pay fixed at Rs 18,000 per month; maximum pay at Rs 2.25 lakh
- The rate of annual increment retained at 3per cent
- 24 per cent hike in pensions
- One Rank One Pension proposed for civilian government employees on line of OROP for armed forces
- Ceiling of gratuity enhanced from Rs 10 lakh to Rs 20 lakh; ceiling on gratuity to be raised by 25 per cent whenever DA
  rises by 50 per cent
- Cabinet Secretary to get Rs 2.5 lakh as against Rs 90,000 per month pay band currently

- Financial impact of implementing recommendations will be Rs 1.02 lakh crore – Rs 73,650 crore to be borne by Central Budget and Rs 28,450 crore by Railway Budget.
- Total impact of Commission"s recommendation to raise the ratio of expenditure on salary and wages to GDP by 0.65 percentage points to 0.7 per cent
- Military Service Pay (MSP), which is a compensation for the various aspects of military service, will be admissible to the defence forces personnel only
- MSP for service officers more than doubled to Rs 15,500 per month from Rs 6,000 currently; for nursing officers to Rs 10,800 from Rs 4,200; for JCO/ORs to Rs 5,200 from Rs 2,000 and for non-combatants to Rs 3,600 from Rs 1,000
- Short service commissioned officers will be allowed to exit the armed forces at any point in time between 7 to 10 years of service
- Commission recommends abolishing 52 allowances; another 36 allowances subsumed in existing allowances or in newly proposed allowances.
- Recommendations will impact 47 lakh serving govt employees, 52 lakh pensioners, including defence personnel.

14.Vasudev Committee

Year of forming:

- Vasudev Committee on non-bank finance companies

Head of the Commission:

- The committee, headed by Vasudev

Problem Statement:

- To review and suggest on problems of NBFC

Important Recommendation

- The necessity of separate formats of financial statements for NBFCs became more pronounced with the issuance of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

- In order to satisfy the need and in tune with the recommendations of the "Expert Group on Designing a Supervisory framework for NBFCs (Khanna Committee)", as also in the context of powers of the Bank to determine policy in respect of accounting system of NBFCs, a Committee was formed for suggesting separate formats of financial statements for the NBFCs, with members nominated by the Institute of Chartered Accountants of India and officials of the Department of Non-Banking Supervision of Reserve Bank of India.
- The Committee has submitted its report to the Bank on September 30, 1999. The Bank has solicited the views of Department of Company Affairs, Govt. of India and the Institute of Chartered Accountants of India
- The committee has recommended that NBFCs should invest 25 per cent of their deposits in marketable securities besides hiking the liquid assets ratio from 15 to 25 per cent.

15. Vaghul Committee

Year of forming:

- Vaghul committee on Money market was constituted in 1987

Head of the Commission:

- The committee, headed by Vaghul

Problem Statement:

- To review the money market

Important Recommendation

- The Vaghul Committee (1987) suggested that call money market should be purely an inter-bank market and therefore, the restrictions on entry into call market prevailing at that point of time should continue.
- It strongly recommended the establishment of a Finance House of India as an autonomous public limited company to deal in short-term money market instruments with the object of improving the liquidity of these instruments.

- Commercial paper was introduced in India in January 1990, in accordance with the recommendations of the vaghul committee with an aim to provide additional avenues to the corporate to source short term funds
- CD were introduced in the Indian money market in June 1989, with an view to widen the range of instruments in the money market and provide additional avenue and greater flexibility to the investors to park their short term surplus funds.
- DFHI was set up as a subsidiary of RBI in 1988 on the recommendation of the Vaghul Committee. Its objective is to stimulate activity in, the money market by providing liquidity to the money market instrument.

16. G V Ramakrishna Committee

Year of forming:

- In August 1996, the Disinvestment Commission, chaired by G V Ramakrishna was set up to advise, supervise, monitor and publicize gradual disinvestment of Indian PSUs

Head of the Commission:

- The committee, headed by G V Ramakrishna

Problem Statement:

- To advise, supervise, monitor and publicize gradual disinvestment of Indian PSUs

Important Recommendation

- In August 1996, the Disinvestment Commission, chaired by G V Ramakrishna was set up to advise, supervise, monitor and publicize gradual disinvestment of Indian PSUs. However, the Disinvestment Commission ceased to exist in May 2004.
- The change process in India began in the year 1991-92, with 31 selected PSUs disinvested for Rs.3,038 crore. In August 1996, the Disinvestment Commission, chaired by G V Ramakrishna was set up to advice, supervise, monitor and publicize gradual disinvestment of Indian PSUs. It submitted 13 reports covering recommendations on privatisation of 57 PSUs.

17. Raja Chelliah Committee

Year of forming:

- The Raja Chelliah Committee constituted in the year 1991 recommended the introduction of VAT in India

Head of the Commission:

- The committee, headed by Raja Chelliah

Problem Statement:

- To lay out agenda for reforming India"s tax system

Important Recommendation

- The Raja Chelliah Committee constituted in the year 1991 recommended the introduction of VAT in India
- The Government appointed a Tax Reforms Committee under Prof Raja Chelliah to lay out agenda for reforming India"s tax system. This TRC came up with three reports in 1991, 1992 and 1993 with several measures
- Reforming the personal taxation system by reducing the marginal tax rates.
- Reducing corporate tax rate differences between domestic and foreign companies
- Reducing the cost of imported inputs by lowering the customs duties.
- Reduction in the number of Customs tariff rates and its rationalization.
- Simplifying the excise duties and its integration with a Value-Added Tax (VAT) system.
- Bringing the services sector in the tax net within a VAT system.
- Broadening of the tax base.
- Building a tax information and computerization.
- Improving the quality of tax administration.
- Avoiding double taxation
- Rationalising capital gains tax
- Rationalisation of wealth tax

18. A Ghosh Committee

Year of forming:

- The RBI set up a High Level Committee on Frauds and Malpractices in Banks under the Chairmanship of Shri A. Ghosh

Head of the Commission:

- The committee, headed by Shri A. Ghosh

Problem Statement:

- To review the Frauds and Malpractices in Banks

Important Recommendation

- The RBI set up a High Level Committee on Frauds and Malpractices in Banks under the Chairmanship of Shri A. Ghosh, the then Dy. Governor, to enquire into various aspects of frauds and malpractices in banks with a view to make recommendation to reduce such incidence. The Committee submitted its Report in June, 1992. The recommendations contained in the report are related to frauds and malpractices in banks
- The report of the Ghosh Committee deals, mainly with the issues related to day-to-day administrative functions that take place in a bank. The main objective behind the recommendations contained in the Ghosh Committee Report is to ensure that there exists a proper system in banks to ensure the safety of assets, compliance with the laid down policies and procedures, accuracy and completeness of the accounting and other records, proper segregation of duties and responsibilities of the staff and also timely prevention and detection of frauds and malpractices.

The RBI has divided all the recommendations into four groups as under:

(i) Group-A: Recommendations, which have to be implemented by the banks immediately.

(ii) Group-B: Recommendations requiring RBI‟s approval.

(iii) Group-C: Recommendations requiring approval of Government of India.

(iv) Group-D: Recommendations requiring further examination in consultation with IBA.

19.K V Kamath Panel

Year of forming:

- The Finance Ministry has appointed a 15-member committee under the Chairmanship of ICICI Bank Chairman K V Kamath to examine the financial architecture for Micro, Small and Medium Enterprises (MSME) sector

Head of the Commission:

- The committee, headed by K V Kamath

Problem Statement:

- To examine the financial architecture for Micro, Small and Medium Enterprises (MSME) sector
- The Finance Ministry has appointed a 15-member committee under the Chairmanship of ICICI Bank Chairman K V Kamath to examine the financial architecture for Micro, Small and Medium Enterprises (MSME) sector.
- The committee will, among other things, come up with concrete suggestions to improve the share of institutional finance to MSME from the low levels seen currently.
- Besides looking at innovative financial products for MSMEs, the committee will suggest measures to increase the flow of equity support to MSMEs by targeting incubator-based funds, angel/ seed funds, impact funds and venture capital/ private equity funds.
- It will also look at regional disparities in credit flow to MSMEs.
- The terms of reference of the committee include assessing the current structure of flow of finance to MSME sector-delivery channels, products and services and policy environment.
- The committee will also undertake a comparitive study of the financial architecture in other developed and emerging economies for strong support to MSMEs.

20. Deepak Parekh Committee

Year of forming:

- The High-level government committee on infrastructure headed by Deepak Parekh submits report. The Committee consisted of Uday Kotak, G.M.R Rao, Sanjay Reddy and top officials from LIC, SBI, ICICI and IDFC.

Head of the Commission:

- The committee, headed by Deepak Parekh

Problem Statement:

- Committee on infrastructure

Important Recommendation

- The High-level government committee on infrastructure headed by Deepak Parekh submits report. The Committee consisted of Uday Kotak, G.M.R Rao, Sanjay Reddy and top officials from LIC, SBI, ICICI and IDFC.
- Establish a PPP model for power distribution, starting first with the cities
- Modernise public sector distribution companies. The viability gap for such companies should be funded by the Central government
- Earmark 15% of power generation of the central PSUs for open access customers so that the market becomes more competitive in an attempt to attract the open access clientele. This is also expected to increase investment in the electricity sector. (Open access customers refers to customers who buy in bulk and can directly choose where to buy their electricity from, according to the Electricity Act, 2003. Hence, the open access customers at least will not have to rely on the state controlled power distribution companies
- Tariffs should be rationalized with a grading system that distinguishes between consumers depending on their paying capacity. Also, high income households, commercial consumer and industries should eventually be moved to market based pricing. The consumers subject to market based pricing may be allowed to choose from different suppliers of electricity. Low income consumers, however, should be subject to low tariffs and their requirements should be met with supplies from depreciated power station
- Privatise coal mining wherein Coal India or its arms/subsidiaries can retain ownership of mines

- Constitute a High level task force headed by a deputy governor of RBI to decide on measures to restore the health of power projects facing financial trouble due to scarcity of fuel
- Fixed charges of a reasonable amount should be apportioned to idle power plants

21.C H Hanumantha Rao Committee

Year of forming:

- The Hanumantha Rao Committee, appointed by the Union government in 1997, for Fertiliser Pricing Policy

Head of the Commission:

- The committee, headed by Hanumantha Rao

Problem Statement:

- To review fertiliser pricing

Important Recommendation

- The high-powered C H Hanumantha Rao committee on fertiliser pricing has recommended deregulation of the fertiliser industry and discontinuation of the unit-wise retention price scheme for urea plants. It has suggested an alternative pricing methodology based on the long run marginal cost (LRMC) principle.
- The panel, set up to review the fertiliser pricing policy, has recommended that the fertiliser industry be deregulated and units be allowed to fix their retail prices subject to a maximum farm gate price (FGP). The maximum FGP should be notified annually to make fertilisers available to farmers at affordable prices. Local taxes should be over and above the maximum FGP.
- The committee has suggested that a normative referral price (NRP) be determined, based on the LRMC method for the existing units, to compute subsidy to be paid on the sale of fertilisers within the notified maximum FGP.
- It has recommended that subsidy be given through the manufacturers uniformly. This subsidy will be the gap between NRP plus dealers margins, and the average freight and FGP.

- The NRP and subsidy should be revised periodically. Import of urea should be canalised for five years
- The committee has said that the new methodology requires open distribution of fertilisers, thereby implying abolition of allocations under the Essential Commodities Act 1955, and withdrawal of the equated freight scheme.
- The committee which reviewed the experience of decontrol effected in August 1992 and found that distortions in the use of nutrients occurred on account of disturbance in the relative prices of nitrogenous, phosphatic and potassic fertilisers has recommended a method to ensure parity in the prices of fertilisers to affect balanced fertilisation in agriculture.
- It has called for a positive fertiliser policy to attract new investment in order to maintain minimum levels of self-sufficiency. Given the problem of gas shortage in India, it has recommended that joint ventures be encouraged abroad near sources of abundant availability of feedstock.
- The committee has also recommended that a fertiliser policy planning board be set up headed by an eminent economist/ expert, with five members drawn from the government and industry. The board would provide the administrative mechanism for inter-sectoral policy coordination.

22. Janakiramanan Committee

Year of forming:

- RBI set up a high-level committee on April 30,1992 under the Chairmanship of Mr. R. Jankiraman. The committee submitted the fifth and final report on May 7, 1993.

Head of the Commission:

- The committee, headed by R. Jankiraman

Problem Statement:

- To identify several types of irregularities in securities transactions which were used to siphon off funds out of the banking system.

Important Recommendation

- Purchases of securities and other instruments were made by banks was ostensibly another bank but when in reality the proceeds were of brokers.
- Ready forward (Sale and purchase) transactions were entered into either on their own or on client's accounts by banks with brokers who used these funds for speculative activity.
- Brokers in the stock exchanges were directly financed by banks by discounting bills not supported by genuine transactions.
- Banks and other institutions showed large payments as call money to other banks. However, in the books of the receiving banks, there was no record of call money acceptances. Instead, the amounts were credited to the accounts of individuals brokers. On the due date, these alleged call loans were accounts in the name of other banks.
- Banks and other institutions rediscounted bills of exchange held by other banks and institutions but the proceeds and repayments were routed through brokers accounts.
- Sums received as inter-corporate deposits and under portfolio management schemes (PMS) by merchant banking subsidiaries of the public sector and other banks were passed on to brokers through ready forward deals.

23. B.Sivaraman Committee

Year of forming:

- The Reserve Bank of India (RBI) at the insistence of the Government of India, constituted a Committee to Review the Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) in 1979, under the Chairmanship of Shri B. Sivaraman, former member of Planning Commission.

Head of the Commission:

- The committee, headed by Shri B. Sivaraman

Problem Statement:

- Committee to Review the Arrangements for Institutional Credit for Agriculture

Important Recommendation

- NABARD was established on the recommendations of B.Sivaraman Committee, (by Act 61, 1981 of Parliament) on 12 July 1982 to implement the National Bank for Agriculture and Rural Development Act 1981. It replaced the Agricultural Credit Department (ACD) and Rural Planning and Credit Cell (RPCC) of Reserve Bank of India, and Agricultural Refinance and Development Corporation (ARDC). It is one of the premier agencies providing developmental credit in rural areas. NABARD is India"s specialised bank for Agriculture and Rural Development in India.

24. Sushil Modi Committee

Year of forming:

- The GST Council has decided to set up a seven-member committee to look into revenue shortfall

Head of the Commission:

- The committee, headed by Sushil Modi

Problem Statement:

- The GST Council has decided to set up a seven-member committee to look into revenue shortfall being faced by the states after the GST roll-out, and suggest steps for augmenting collections.
- The committee would be headed by Deputy Chief Minister and Finance Minister of Bihar Sushil Modi and Others

25. Aruna Sundararajan Committee

Year of forming:

- Aruna Sundararajan Committee constituted to review levies, including spectrum usage charge (SUC), and promote ease of doing business in the telecom sector

Head of the Commission:

- The committee will be headed by Telecom Secretary Aruna Sundararajan.

Problem Statement:

- To review levies, including spectrum usage charge (SUC), and promote ease of doing business in the telecom sector
- The telecom sector has been undergoing financial stress for a long time.
- The reduction of levies and fees, including licence fee, SUC and universal service levy, has been a long-standing demand of the industry, along with review of the definition of aggregated gross revenue.

26. Swaminathan Commission

Year of forming:

- On November 18, 2004, the government of India formed the National Commission on Farmers (NCF), with MS Swaminathan as its chairman

Head of the Commission:

- The committee, headed by MS Swaminathan

Problem Statement:

- The main aim of the commission was to come up with a system for sustainability in farming system and make it more profitable and cost competitive in farm commodities. It also wanted to recommend measures for credit and other marketing steps.

Important Recommendation

- Farmers need to have assured access and control over basic resources, which include land, water, bioresources, credit and insurance, technology and knowledge management, and markets. The NCF recommends that "Agriculture" be inserted in the Concurrent List of the Constitution.

Land Reforms

- Distribute ceiling-surplus and waste lands;

- Prevent diversion of prime agricultural land and forest to corporate sector for non-agricultural purposes.
- Ensure grazing rights and seasonal access to forests to tribals and pastoralists, and access to common property resources.
- Establish a National Land Use Advisory Service, which would have the capacity to link land use decisions with ecological meteorological and marketing factors on a location and season specific basis.
- Set up a mechanism to regulate the sale of agricultural land, based on quantum of land, nature of proposed use and category of buyer.

Irrigation

- A comprehensive set of reforms to enable farmers to have sustained and equitable access to water.
- Increase water supply through rainwater harvesting and recharge of the aquifer should become mandatory. "Million Wells Recharge" programme, specifically targeted at private wells should be launched.
- Substantial increase in investment in irrigation sector under the 11th Five Year Plan apportioned between large surface water systems; minor irrigation and new schemes for groundwater recharge.

Productivity of Agriculture

- Substantial increase in public investment in agriculture related infrastructure particularly in irrigation, drainage, land development, water conservation, research development and road connectivity etc.
- A national network of advanced soil testing laboratories with facilities for detection of micronutrient deficiencies.
- Promotion of conservation farming, which will help farm families to conserve and improve soil health, water quantity and quality and biodiversity.

Credit and Insurance

- Expand the outreach of the formal credit system to reach the really poor and needy.
- Reduce rate of interest for crop loans to 4 per cent simple, with government support.

- Moratorium on debt recovery, including loans from non-institutional sources, and waiver of interest on loans in distress hotspots and during calamities, till capability is restored.
- Establish an Agriculture Risk Fund to provide relief to farmers in the aftermath of successive natural calamities.
- Issue Kisan Credit Cards to women farmers, with joint pattas as collateral.
- Develop an integrated credit-cum-crop-livestock-human health insurance package.
- Expand crop insurance cover to cover the entire country and all crops, with reduced premiums and create a Rural Insurance Development Fund to take up development work for spreading rural insurance.
- Promote sustainable livelihoods for the poor by improving (i) Financial services (ii) Infrastructure (iii) Investments in human development, agriculture and business development services (including productivity enhancement, local value addition, and alternate market linkages) and (iv) Institutional development services (forming and strengthening producers' organisations such as self-help groups and water user associations).

Food Security

- Implement a universal public distribution system. The NCF pointed out that the total subsidy required for this would be one per cent of the Gross Domestic Product.
- Reorganise the delivery of nutrition support programmes on a life-cycle basis with the participation of Panchayats and local bodies.
- Eliminate micronutrient deficiency induced hidden hunger through an integrated food cum fortification approach.
- Promote the establishment of Community Food and Water Banks operated by Women Self-help Groups (SHG), based on the principle „Store Grain and Water everywhere'.
- Help small and marginal farmers to improve the productivity, quality and profitability of farm enterprises and organize a Rural Non-Farm Livelihood Initiative.
- Formulate a National Food Guarantee Act continuing the useful features of the Food for Work and Employment Guarantee programmes. By increasing demand for foodgrains as a result of increased consumption by the poor, the economic conditions essential for further agricultural progress can be created

Prevention of Farmers' Suicides

- Provide affordable health insurance and revitalize primary healthcare centres. The National Rural Health Mission should be extended to suicide hotspot locations on priority basis.
- Set up State level Farmers' Commission with representation of farmers for ensuring dynamic government response to farmers' problems.
- Restructure microfinance policies to serve as Livelihood Finance, i.e. credit coupled with support services in the areas of technology, management and markets.
- Cover all crops by crop insurance with the village and not block as the unit for assessment.
- Provide for a Social Security net with provision for old age support and health insurance.
- Promote aquifer recharge and rain water conservation. Decentralise water use planning and every village should aim at Jal Swaraj with Gram Sabhas serving as Pani Panchayats.
- Ensure availability of quality seed and other inputs at affordable costs and at the right time and place.
- Recommend low risk and low cost technologies which can help to provide maximum income to farmers because they cannot cope with the shock of crop failure, particularly those associated with high cost technologies like Bt cotton.
- Need for focused Market Intervention Schemes (MIS) in the case of life-saving crops such as cumin in arid areas. Have a Price Stabilisation Fund in place to protect the farmers from price fluctuations.
- Need swift action on import duties to protect farmers from international price.
- Set up Village Knowledge Centres (VKCs) or Gyan Chaupals in the farmers' distress hotspots. These can provide dynamic and demand driven information on all aspects of agricultural and non-farm livelihoods and also serve as guidance centres.
- Public awareness campaigns to make people identify early signs of suicidal behavior.

Competitiveness of Farmers

- Promotion of commodity-based farmers' organisations such as Small Cotton Farmers' Estates to combine decentralised production with centralised services such as post-harvest management, value addition and marketing, for leveraging institutional support and facilitating direct farmer-consumer linkage.

- Improvement in implementation of Minimum Support Price (MSP). Arrangements for MSP need to be put in place for crops other than paddy and wheat. Also, millets and other nutritious cereals should be permanently included in the PDS.
- MSP should be at least 50% more than the weighted average cost of production.
- Availability of data about spot and future prices of commodities through the Multi Commodity Exchange (MCD) and the NCDEX and the APMC electronic networks covering 93 commodities through 6000 terminals and 430 towns and cities.
- State Agriculture Produce Marketing Committee Acts [APMC Acts] relating to marketing, storage and processing of agriculture produce need to shift to one that promotes grading, branding, packaging and development of domestic and international markets for local produce, and move towards a Single Indian Market.

Employment

- Accelerating the rate of growth of the economy;
- Emphasizing on relatively more labour intensive sectors and inducing a faster growth of these sectors; and
- Improving the functioning of the labour markets through such modification as may be necessary without eroding the core labour standards.
- Encourage non-farm employment opportunities by developing particular sectors and sub-sectors where demand for the product or services is growing namely: (i) trade, (ii) restaurants and hotels, (iii) transport, (iv) construction, (v) repairs and (vi) certain services.
- The "net take home income" of farmers should be comparable to those of civil servants.

Bioresources

- Preserving traditional rights of access to biodiversity, which include access to non-timber forest products including medicinal plants, gums and resins, oil yielding plants and beneficial micro-organisms;
- Conserving, enhancing and improving crops and farm animals as well as fish stocks through breeding;
- Encouraging community-based breed conservation (i.e. conservation through use);
- Allowing export of indigenous breeds and import of suitable breeds to increase productivity of nondescript animals.

27.Rajiv Kumar Committee

Year of forming:

- Constitution of this committee is follow up of October 2018meeting called by Prime Minister Narendra Modi to review domestic production profile of oil and gas and the roadmap for cutting import dependence by 10% by 2022

Head of the Commission:

- The committee will be headed by NITI Aayog Vice Chairman Rajiv Kumar

Problem Statement:

- To look at selling as many as 149 small and marginal oil and gas fields of state -owned Oil and Natural Gas Corp (ONGC) and Oil India Ltd (OIL) to private and foreign companies to boost domestic output.
- Union Government has constituted six-member committee to look at selling as many as 149 small and marginal oil and gas fields of state-owned Oil and Natural Gas Corp (ONGC) and Oil India Ltd (OIL) to private and foreign companies toboost domestic output.
- The committee will be headed by NITI Aayog Vice Chairman Rajiv Kumar and includes Cabinet Secretary P K Sinha, Oil Secretary M M Kutty, Economic Affairs Secretary Subhash Chandra Garg, NITI Aayog CEO Amitabh Kant and ONGC Chairman and Managing Director Shashi Shanker as members.

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