

MINISTRY OF FINANCE
DEMAND NO.25
Payments to Financial Institutions

A. The Budget allocations, net of recoveries, are given below:

		<i>(In crores of Rupees)</i>								
Major Head	Budget 2000-2001			Revised 2000-2001			Budget 2001-2002			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
Revenue	107.51	483.87	591.38	73.82	1102.66	1176.48	177.54	1584.22	1761.76	
Capital	24.49	-222.35	-197.86	22.21	-994.87	-972.66	133.56	28.79	162.35	
Total	132.00	261.52	393.52	96.03	107.79	203.82	311.10	1613.01	1924.11	
Industrial Financial Institutions										
1. Industrial Development Bank of India	2885	6.05	...	6.05	8.05	...	8.05	6.64	...	6.64
Less: Proceeds from redemption of Preference shares by IDBI	4885	...	...	...	...	-247.00	-247.00	...	...	...
Net		6.05	...	6.05	8.05	-247.00	-238.95	6.64	...	6.64
2. Industrial Finance Corporation of India	2885	21.00	...	21.00	...	...	...	42.00	...	42.00
	6885	2.28	...	2.28	...	...	...	5.56	...	5.56
Total		23.28	...	23.28	...	...	...	47.56	...	47.56
3. Industrial Credit and Investment Corporation of India	2885	43.76	...	43.76	43.76	...	43.76	62.90	...	62.90
	6885	1.45	...	1.45	1.45	...	1.45	1.00	...	1.00
Total		45.21	...	45.21	45.21	...	45.21	63.90	...	63.90
4. Export-Import Bank of India	2885	8.17	...	8.17	8.17	...	8.17	...	...	...
	4885	...	...	...	...	...	...	100.00	...	100.00
Total		8.17	...	8.17	8.17	...	8.17	100.00	...	100.00
5. Industrial Investment Bank of India	4885	...	...	...	100.00	...	100.00	...	...	...
Securities Issued	8012	...	...	...	-100.00	...	-100.00	...	...	...
Net		...	...	...	...	...	...	...	...	...
6. Small Industries Development Bank of India	2885	...	...	...	...	...	...	50.00	...	50.00
Total-Industrial Financial Institutions		82.71	...	82.71	61.43	-247.00	-185.57	268.10	...	268.10
Agricultural Financial Institutions										
7. National Bank for Agriculture and Rural Dev.	2416	8.00	...	8.00	8.00	...	8.00	9.00	...	9.00
	6416	20.76	...	20.76	20.76	...	20.76	20.00	...	20.00
Total		28.76	...	28.76	28.76	...	28.76	29.00	...	29.00
Total-Agricultural Financial Institutions		28.76	...	28.76	28.76	...	28.76	29.00	...	29.00
General Financial and Trading Institutions										
8. Return of Capital by Nationalised Banks	5465	...	...	...	...	-47.95	-47.95	...	...	...
Securities discharged	8012	...	...	...	...	47.95	47.95	...	...	...
Net		...	...	...	...	...	...	...	...	...
9. Infrastructure Development Finance Co. Ltd	3465	4.29	...	4.29	4.29	...	4.29	...	...	...
International Financial Institutions										
10. International Monetary Fund	5466	...	980.51	980.51	...	806.24	806.24	...	...	...
	6001	...	-980.51	-980.51	...	-806.24	-806.24	...	...	...
Net		...	...	...	...	...	...	...	...	...
11. Service Charges Payable to I.M.F	2047	...	1.89	1.89	...	2.38	2.38	...	0.01	0.01
12. International Bank for Recon. & Development	5466	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
13. Asian Development Bank	5466	...	19.00	19.00	...	21.00	21.00	...	20.00	20.00
14. African Development Fund/Bank	5466	...	8.73	8.73	...	8.77	8.77	...	8.77	8.77
15. Multilateral Investment Guarantee Agency(MIGA)	5466	...	9.90	9.90	...	20.63	20.63	...	...	...
16. International Fund for Agricultural Development	2416	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
Total-International Financial Institutions		...	39.54	39.54	...	52.80	52.80	...	28.80	28.80
17. Interest Subsidy										
17.01 Goan Banks	2885	...	0.08	0.08	...	0.11	0.11	...	0.11	0.11
17.02 Nationalised Banks	2885	...	...	...	...	10.00	10.00	...	...	...
Total		...	0.08	0.08	...	10.11	10.11	...	0.11	0.11
Shipping										
18. Subsidy towards interest differential on acquisition of ships	3052	...	0.06	0.06	...	0.06	0.06	...	0.03	0.03

(In crores of Rupees)										
Major Head	Budget 2000-2001			Revised 2000-2001			Budget 2001-2002			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
Other General Economic Services										
19. Compensation for exchange loss										
19.01 Industrial Development										
Bank of India	3475	30.00	30.00	...	52.50	52.50	...	148.07	148.07	
19.02 Industrial Credit & Investment										
Corpn. of India	3475	1.00	1.00	...	48.58	48.58	...	57.02	57.02	
19.03 National Housing Bank	3475	5.23	5.23	...	5.12	5.12	...	8.39	8.39	
19.04 Housing Development										
Finance Corporation	3475	60.00	60.00	...	60.00	60.00	...	65.00	65.00	
Total	...	96.23	96.23	...	166.20	166.20	...	278.48	278.48	
20. Contribution for MOV A/c towards exchange loss arising out of Resurgent India Bonds	3475	260.00	260.00	...	798.29	798.29	...	1179.94	1179.94	
	6001	-260.00	-260.00	...	-798.29	-798.29	...	...	...
Net	...	...	...	...	...	...	...	1179.94	1179.94	
21. Other Expenditure	3466	0.60	0.60	...	0.61	0.61	...	0.64	0.64	
	4885	0.01	0.01	...	0.01	0.01	...	0.01	0.01	
Total	...	0.61	0.61	...	0.62	0.62	...	0.65	0.65	
Miscellaneous General Services										
22. Transfer to Guarantee Redemption Fund	2075	125.00	125.00	...	125.00	125.00	...	125.00	125.00	
23. Lumpsum provision for projects/schemes for the benefit of North Eastern Region and Sikkim	2552	16.24	16.24	1.55	...	1.55	7.00	...	7.00	
	4552	...	...	...	...	...	7.00	...	7.00	
Total	16.24	...	16.24	1.55	...	1.55	14.00	...	14.00	
Grand Total	132.00	261.52	393.52	96.03	107.79	203.82	311.10	1613.01	1924.11	
B. Investment in Public Enterprises										
	Head of Dev.	Budget Support	I.E.B.R.	Total	Budget Support	I.E.B.R.	Total	Budget Support	I.E.B.R.	Total
1. Industrial Finance Corporation of India	12885	2.28	...	2.28	...	...	...	5.56	...	5.56
2. Industrial Credit & Investment Corporation of India	12885	1.45	...	1.45	1.45	...	1.45	1.00	...	1.00
3. Export-Import Bank of India	12885	...	...	...	...	...	...	100.00	...	100.00
4. National Bank for Agriculture and Rural Development	12416	20.76	...	20.76	20.76	...	20.76	20.00	...	20.00
Total		24.49	...	24.49	22.21	...	22.21	126.56	...	126.56
<i>In respect of the above financial institutions only the budget support is in the Central Plan.</i>										
C. Plan Outlay										
1. Agricultural Financial Institutions	12416	28.76	...	28.76	28.76	...	28.76	29.00	...	29.00
2. Industrial Financial Institutions	12885	82.71	...	82.71	61.43	...	61.43	268.10	...	268.10
3. General Financial and Trading Institutions	13465	4.29	...	4.29	4.29	...	4.29	...	...	...
4. North Eastern Areas	22552	16.24	...	16.24	1.55	...	1.55	14.00	...	14.00
Total		132.00	...	132.00	96.03	...	96.03	311.10	...	311.10

1. **Industrial Development Bank of India** is an apex institution to provide long term finance to industrial enterprises, both in the public and private sectors, and it coordinates and supplements the activities of other financial institutions by providing refinancing facilities and subscribing to their debenture issues.

2. **Industrial Finance Corporation of India** grants loans and advances to industrial concerns and subscribes to debentures floated by them; also guarantees loans raised by industrial concerns in the capital market and underwrites stocks, shares, bonds and debentures issued by them.

3. **Industrial Credit and Investment Corporation of India** provides term loans in rupees and foreign currencies, subscribes to and underwrites shares and guarantees payment of credit availed of from other institutions primarily for the purpose of capital assets.

4. **Export-Import Bank of India** is designed to function as the principal financial institution for financing India's international

trade and coordinating the working of similar institutions engaged in this field. The provision is towards subscription of share capital of the bank.

5. **Industrial Investment Bank of India** is the only Calcutta based development financial institution.

6. **Small Industries Development Bank of India** has been set up as a principal financial institution for promoting, financing and development of industries in the small industry sector and for coordinating the functions of institutions engaged in similar activities. It commenced operations on 2nd April, 1990 as a subsidiary of IDBI. It channelises its activities through the existing credit delivery mechanism consisting of State Financial Corporations, State Industrial Development Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks.

7. **National Bank for Agriculture and Rural Development** promotes integrated rural development by providing credit for

agriculture, small, cottage and village industries and allied activities in rural areas; refinance loans granted for agricultural development by state cooperative banks, central land mortgage banks, scheduled commercial banks and regional rural banks; also provides direct financial assistance to certain types of institutions as approved by the Central Government.

8. This represents return of capital provided by Government by Andhra Bank (Rs.47.95 crore). This will be adjusted simultaneously by discharge of securities held by the bank.

9. The provision is for the Infrastructure Development Finance Co. Ltd., to pass on external assistance.

10. This represents payments to International Monetary Fund arising as a result of revaluation of the Fund's holding of Indian currency.

11. The provision is for service charges payable to the International Monetary Fund in respect of the drawals made under Stand-by Arrangement and Compensatory and Contingency Financing Facility. The charges are based on the prevailing exchange rate.

12. The provision is for subscription to the capital stock of IBRD and maintenance of value claims.

13. The provision is for meeting maintenance of value payments to ADB.

14. The provision is towards India's share of the capital replenishments of the African Development Fund and contributions towards the capital stock of the African Development Bank.

16. The International Fund for Agricultural Development

which was established in 1977, is a specialised agency of United Nations. It makes available funds on concessional terms for agricultural development in developing member countries. The provision represents India's contribution to IFAD.

17. Provision is towards subsidy in lieu of concession in the rate of interest on loans to Goan Banks and nationalised banks.

18. The shipping companies pay interest on bank loans at a lower rate than charged by the banks; the difference is met by Government by way of subsidy.

19. The provision is towards compensating Industrial Development Bank of India, Industrial Credit and Investment Corporation of India, National Housing Bank and Housing Development Finance Corporation towards compensation for the exchange loss involved in repayment of foreign lines of credit, by these organisations.

20. The provision in RE 2000-01 towards Government contribution towards exchange loss on Resurgent India Bonds. Matching investment in Government securities by RBI is not being netted in BE 2001-02 as per revised procedure. BE 2001-02 provides Rs.1179.94 crore.

21. This includes provision for assessment charges payable to International Monetary Fund in regard to administration of S.D.R. Account and amount payable under State Bank of Sikkim (Acquisition of Shares) and Miscellaneous Provision Act, 1982.

22. The contribution is for building up the corpus of the Fund.

23. This includes provision for projects/schemes for North-Eastern Region.