

MINISTRY OF FINANCE
DEMAND NO.28
Payments to Financial Institutions

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

| | | <i>(In crores of Rupees)</i> | | | | | | | | |
|---|------------------|------------------------------|----------------|-------------------|---------------|----------------|------------------|---------------|---------------|---------------|
| Major Head | Budget 2001-2002 | | | Revised 2001-2002 | | | Budget 2002-2003 | | | |
| | Plan | Non-Plan | Total | Plan | Non-Plan | Total | Plan | Non-Plan | Total | |
| Revenue | 177.54 | 1584.22 | 1761.76 | 143.96 | 706.70 | 850.66 | 54.95 | 591.44 | 646.39 | |
| Capital | 133.56 | 28.79 | 162.35 | 146.99 | 31.11 | 178.10 | ... | 105.75 | 105.75 | |
| Total | 311.10 | 1613.01 | 1924.11 | 290.95 | 737.81 | 1028.76 | 54.95 | 697.19 | 752.14 | |
| Industrial Financial Institutions | | | | | | | | | | |
| 1. Industrial Development Bank of India | 2885 | 6.64 | ... | 6.64 | 6.64 | ... | 6.64 | ... | ... | ... |
| 2. Industrial Finance Corporation of India | 2885 | 42.00 | ... | 42.00 | 35.28 | ... | 35.28 | ... | ... | ... |
| | 6885 | 5.56 | ... | 5.56 | 403.99 | ... | 403.99 | ... | ... | ... |
| Less Securities Issued | 8012 | ... | ... | ... | -400.00 | ... | -400.00 | ... | ... | ... |
| <i>Total</i> | | 47.56 | ... | 47.56 | 39.27 | ... | 39.27 | ... | ... | ... |
| 3. Industrial Credit and Investment Corporation of India | 2885 | 62.90 | ... | 62.90 | 34.04 | ... | 34.04 | ... | ... | ... |
| | 6885 | 1.00 | ... | 1.00 | 1.00 | ... | 1.00 | ... | ... | ... |
| <i>Total</i> | | 63.90 | ... | 63.90 | 35.04 | ... | 35.04 | ... | ... | ... |
| 4. Export-Import Bank of India | 4885 | 100.00 | ... | 100.00 | 100.00 | ... | 100.00 | ... | ... | ... |
| 5. Small Industries Development Bank of India | 2885 | 50.00 | ... | 50.00 | 50.00 | ... | 50.00 | 54.95 | ... | 54.95 |
| Total-Industrial Financial Institutions | | 268.10 | ... | 268.10 | 230.95 | ... | 230.95 | 54.95 | ... | 54.95 |
| Agricultural Financial Institutions | | | | | | | | | | |
| 6. National Bank for Agriculture and Rural Dev. | 2416 | 9.00 | ... | 9.00 | 11.00 | ... | 11.00 | ... | ... | ... |
| | 6416 | 20.00 | ... | 20.00 | 35.00 | ... | 35.00 | ... | ... | ... |
| <i>Total</i> | | 29.00 | ... | 29.00 | 46.00 | ... | 46.00 | ... | ... | ... |
| 7. Grants through National Bank for Agriculture and Rural Dev. for Strengthening Cooperative Credit Structure | 2416 | ... | ... | ... | ... | ... | ... | ... | 100.00 | 100.00 |
| Total-Agricultural Financial Institutions | | 29.00 | ... | 29.00 | 46.00 | ... | 46.00 | ... | 100.00 | 100.00 |
| General Financial and Trading Institutions | | | | | | | | | | |
| 8. Nationalised banks | 5465 | ... | ... | ... | ... | 1300.00 | 1300.00 | ... | 770.00 | 770.00 |
| Securities issued | 8012 | ... | ... | ... | ... | -1300.00 | -1300.00 | ... | -770.00 | -770.00 |
| <i>Net</i> | | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 9. Return of Capital by Nationalised Banks | 5465 | ... | ... | ... | ... | -176.14 | -176.14 | ... | -50.00 | -50.00 |
| Securities discharged | 8012 | ... | ... | ... | ... | 176.14 | 176.14 | ... | 50.00 | 50.00 |
| <i>Net</i> | | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 10. Assistance to Unit Trust of India | 3465 | ... | ... | ... | ... | 300.00 | 300.00 | ... | ... | ... |
| International Financial Institutions | | | | | | | | | | |
| 11. International Monetary Fund | 5466 | ... | ... | ... | ... | ... | ... | ... | 872.13 | 872.13 |
| | 6001 | ... | ... | ... | ... | ... | ... | ... | -872.13 | -872.13 |
| <i>Net</i> | | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 12. Service Charges Payable to I.M.F | 2047 | ... | 0.01 | 0.01 | ... | ... | ... | ... | 0.01 | 0.01 |
| 13. International Bank for Recon. & Development | 5466 | ... | 0.01 | 0.01 | ... | 0.01 | 0.01 | ... | 82.17 | 82.17 |
| 14. International Development Association | 5466 | ... | ... | ... | ... | ... | ... | ... | 3.75 | 3.75 |
| 15. Asian Development Bank | 5466 | ... | 20.00 | 20.00 | ... | 22.28 | 22.28 | ... | 10.00 | 10.00 |
| 16. African Development Fund/Bank | 5466 | ... | 8.77 | 8.77 | ... | 8.80 | 8.80 | ... | 9.81 | 9.81 |
| 17. Multilateral Investment Guarantee Agency(MIGA) | 5466 | ... | ... | ... | ... | 0.01 | 0.01 | ... | 0.01 | 0.01 |
| 18. International Fund for Agricultural Development | 2416 | ... | 0.01 | 0.01 | ... | 19.19 | 19.19 | ... | 20.00 | 20.00 |
| 19. Contribution to Development Gateway Foundation | 3466 | ... | ... | ... | ... | ... | ... | ... | 8.00 | 8.00 |
| Total-International Financial Institutions | | ... | 28.80 | 28.80 | ... | 50.29 | 50.29 | ... | 133.75 | 133.75 |
| 20. Interest Subsidy | | | | | | | | | | |
| 20.01 Goan Banks | 2885 | ... | 0.11 | 0.11 | ... | 0.11 | 0.11 | ... | 0.11 | 0.11 |

| (In crores of Rupees) | | | | | | | | | | |
|---|------------------|----------------|----------------|-------------------|----------------|---------------|------------------|----------------|---------------|---------------|
| Major Head | Budget 2001-2002 | | | Revised 2001-2002 | | | Budget 2002-2003 | | | |
| | Plan | Non-Plan | Total | Plan | Non-Plan | Total | Plan | Non-Plan | Total | |
| Shipping | | | | | | | | | | |
| 21. Subsidy towards interest differential on acquisition of ships | 3052 | ... | 0.03 | 0.03 | ... | 0.03 | 0.03 | ... | 0.31 | 0.31 |
| Other General Economic Services | | | | | | | | | | |
| 22. Compensation for exchange loss | | | | | | | | | | |
| 22.01 Industrial Development Bank of India | 3475 | ... | 148.07 | 148.07 | ... | 148.07 | 148.07 | ... | 237.98 | 237.98 |
| 22.02 Industrial Credit & Investment Corpn. of India | 3475 | ... | 57.02 | 57.02 | ... | 52.42 | 52.42 | ... | 34.73 | 34.73 |
| 22.03 National Housing Bank | 3475 | ... | 8.39 | 8.39 | ... | 7.42 | 7.42 | ... | 9.84 | 9.84 |
| 22.04 Housing Development Finance Corporation | 3475 | ... | 65.00 | 65.00 | ... | 54.00 | 54.00 | ... | 55.00 | 55.00 |
| <i>Total</i> | ... | ... | <i>278.48</i> | <i>278.48</i> | ... | <i>261.91</i> | <i>261.91</i> | ... | <i>337.55</i> | <i>337.55</i> |
| 23. Contribution for MOV A/c towards exchange loss arising out of Resurgent India Bonds | 3475 | ... | 1179.94 | 1179.94 | ... | 770.10 | 770.10 | ... | 936.95 | 936.95 |
| | 6001 | ... | ... | ... | ... | -770.10 | -770.10 | ... | -936.95 | -936.95 |
| | <i>net</i> | ... | <i>1179.94</i> | <i>1179.94</i> | ... | ... | ... | ... | ... | ... |
| 24. Contribution towards Exchange Loss on India Millennium Deposits | 3475 | ... | ... | ... | ... | 370.08 | 370.08 | ... | 446.44 | 446.44 |
| | 6001 | ... | ... | ... | ... | -370.08 | -370.08 | ... | -446.44 | -446.44 |
| | <i>net</i> | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 25. Other Expenditure | 3466 | ... | 0.64 | 0.64 | ... | 0.46 | 0.46 | ... | 0.46 | 0.46 |
| | 4885 | ... | 0.01 | 0.01 | ... | 0.01 | 0.01 | ... | 0.01 | 0.01 |
| <i>Total</i> | ... | ... | <i>0.65</i> | <i>0.65</i> | ... | <i>0.47</i> | <i>0.47</i> | ... | <i>0.47</i> | <i>0.47</i> |
| Miscellaneous General Services | | | | | | | | | | |
| 26. Transfer to Guarantee Redemption Fund | 2075 | ... | 125.00 | 125.00 | ... | 125.00 | 125.00 | ... | 125.00 | 125.00 |
| 27. Lumpsum provision for projects/schemes for the benefit of North Eastern Region and Sikkim | 2552 | 7.00 | ... | 7.00 | 7.00 | ... | 7.00 | ... | ... | ... |
| | 4552 | 7.00 | ... | 7.00 | 7.00 | ... | 7.00 | ... | ... | ... |
| <i>Total</i> | ... | <i>14.00</i> | ... | <i>14.00</i> | <i>14.00</i> | ... | <i>14.00</i> | ... | ... | ... |
| Grand Total | | 311.10 | 1613.01 | 1924.11 | 290.95 | 737.81 | 1028.76 | 54.95 | 697.19 | 752.14 |
| B. Investment in Public Enterprises | | | | | | | | | | |
| | Head of Dev | Budget Support | IEBR | Total | Budget Support | IEBR | Total | Budget Support | IEBR | Total |
| 1. Industrial Finance Corporation of India | 12885 | 5.56 | ... | 5.56 | 3.99 | ... | 3.99 | ... | ... | ... |
| 2. Industrial Credit & Investment Corporation of India | 12885 | 1.00 | ... | 1.00 | 1.00 | ... | 1.00 | ... | ... | ... |
| 3. Export-Import Bank of India | 12885 | 100.00 | ... | 100.00 | 100.00 | ... | 100.00 | ... | ... | ... |
| 4. National Bank for Agriculture and Rural Development | 12416 | 20.00 | ... | 20.00 | 20.00 | ... | 20.00 | ... | ... | ... |
| 5. Regional Rural Banks | 12416 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Total | | 126.56 | ... | 126.56 | 124.99 | ... | 124.99 | ... | ... | ... |
| <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 | 29.00 | ... | 29.00 | 46.00 | ... | 46.00 | ... | ... | ... |
| 2. Industrial Financial Institutions | 12885 | 268.10 | ... | 268.10 | 230.95 | ... | 230.95 | 54.95 | ... | 54.95 |
| 3. General Financial and Trading Institutions | 13465 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 4. North Eastern Areas | 22552 | 14.00 | ... | 14.00 | 14.00 | ... | 14.00 | ... | ... | ... |
| Total | | 311.10 | ... | 311.10 | 290.95 | ... | 290.95 | 54.95 | ... | 54.95 |

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. **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 channels 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.

6. **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; refines 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.

7. The provision is for grants through NABARD for providing incentives to States and Cooperative Institutions to adopt reform measures for strengthening cooperative credit structure.

8. This represents subscription to the share capital of Indian Bank for strengthening its capital base. The bank is simultaneously to invest the capital in Special Government Securities.

9. This represents return of capital provided by Government by Bank of India (Rs. 150.42 crore in RE 2001-02) and Vijaya Bank (Rs. 25.72 crore in RE 2001-02 and Rs 50 crore in BE 2002-03). This will be adjusted simultaneously by discharge of securities held by the bank.

10. Unit Scheme-64 (US-64) was converted to NAV basis as on 1st January, 2002. Assured redemption prices for specified number of units was announced by UTI for unit holders as of 30th June, 2001. This provision has been made to enable UTI to meet the shortfall between assured repurchase prices and NAV and to provide smooth transition to NAV based scheme.

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

12. 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.

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

14. The provision is for investment in International Development Association.

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

16. 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.

18. 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.

19. This represents India's contribution to Development Gateway Foundation.

20. Provision is towards subsidy in lieu of concession in the rate of interest on loans to Goan Banks.

21. 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.

22. 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.

23 & 24. The provision is for Government contribution towards exchange loss on Resurgent India Bonds and India Millennium Deposits. Matching investment in Government securities by RBI is being netted in RE 2001-02 and BE 2002-03 as per revised procedure.

25. 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.

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

27. The provision in RE 2001-02 is for projects/schemes for North-Eastern Region.