

MINISTRY OF FINANCE AND COMPANY AFFAIRS**DEMAND NO. 33****Payments to Financial Institutions**

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

		<i>(In crores of Rupees)</i>								
Major Head	Budget 2002-2003			Revised 2002-2003			Budget 2003-2004			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
Revenue	54.95	591.44	646.39	131.97	4028.58	4160.55	46.00	3301.28	3347.28	
Capital	...	105.75	105.75	19.63	-1604.98	-1585.35	...	2477.80	2477.80	
Total	54.95	697.19	752.14	151.60	2423.60	2575.20	46.00	5779.08	5825.08	
Industrial Financial Institutions										
1. Industrial Development Bank of India	2885	...	...	4.25	...	4.25	...	...	...
	4885	...	...	...	...	...	...	772.98	772.98
<i>Total</i>	...	...	...	4.25	...	4.25	...	772.98	772.98
2. Industrial Finance Corporation of India	2885	...	...	18.94	...	18.94	...	...	...
	6885	...	...	1.83	523.00	524.83	...	1573.00	1573.00
<i>Total</i>	...	...	...	20.77	523.00	543.77	...	1573.00	1573.00
3. Industrial Credit and Investment Corporation of India	2885	...	...	51.23	...	51.23	...	...	...
	6885	...	...	1.00	...	1.00	...	...	...
<i>Total</i>	...	...	...	52.23	...	52.23	...	...	...
4. Small Industries Development Bank of India	2885	54.95	...	54.95	46.00	...	46.00	46.00	...	
Total-Industrial Financial Institutions	54.95	...	54.95	123.25	523.00	646.25	46.00	2345.98	2391.98	
Agricultural Financial Institutions										
5. National Bank for Agriculture and Rural Dev.	2416	...	...	11.55	...	11.55	...	...	...
	6416	...	...	16.80	100.00	116.80	...	...	...
<i>Total</i>	...	...	...	28.35	100.00	128.35	...	...	...
6. Grants through National Bank for Agriculture and Rural Dev. for Strengthening Cooperative Credit Structure	2416	...	100.00	100.00	...	...	...	...	...
Total-Agricultural Financial Institutions	...	100.00	100.00	28.35	100.00	128.35	...	...	...
General Financial and Trading Institutions										
7. Nationalised banks	5465	...	770.00	770.00	...	770.00	770.00	...	...
Securities issued	8012	...	-770.00	-770.00	...	-770.00	-770.00	...	...
<i>Net</i>	...	...	...	...	...	...	...	...	...
8. Return of Capital by Nationalised Banks	5465	...	-50.00	-50.00	...	-385.87	-385.87	...	-50.00	
Securities discharged	8012	...	50.00	50.00	...	385.87	385.87	...	50.00	
<i>Net</i>	...	...	...	...	...	...	...	...	...
9. Writedown of investments in Banks for adjustment of their losses	3475	...	...	...	...	2346.47	2346.47	...	...
Deduct - Receipts and Recoveries	5465	...	...	...	...	-2346.47	-2346.47	...	...
<i>Net</i>	...	...	...	...	...	...	...	...	...
10. Assistance to Unit Trust of India	3465	...	...	...	...	2449.00	2449.00	...	6500.00
Securities issued	8012	...	...	...	...	-1511.00	-1511.00	...	-3500.00
<i>Net</i>	...	...	...	...	...	938.00	938.00	...	3000.00
International Financial Institutions										
11. International Monetary Fund	5466	...	872.13	872.13	...	1014.34	1014.34	...	714.06	
	6001	...	-872.13	-872.13	...	-1014.34	-1014.34	...	-714.06	
<i>Net</i>	...	...	...	...	...	...	...	...	...
12. Service Charges Payable to I.M.F	2047	...	0.01	0.01	...	0.01	0.01	...	0.01	
13. International Bank for Recon. & Development	5466	...	82.17	82.17	...	82.17	82.17	...	116.20	
14. International Development Association	5466	...	3.75	3.75	...	3.93	3.93	...	0.01	
15. Asian Development Bank	5466	...	10.00	10.00	...	1.78	1.78	...	6.51	
16. African Development Fund/Bank	5466	...	9.81	9.81	...	9.08	9.08	...	9.08	
17. Multilateral Investment Guarantee Agency(MIGA)	5466	...	0.01	0.01	...	21.52	21.52	...	0.01	

		(In crores of Rupees)								
Major Head	Budget 2002-2003			Revised 2002-2003			Budget 2003-2004			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
18. International Fund for Agricultural Development	2416	...	20.00	20.00	...	19.73	19.73	...	20.00	20.00
19. Contribution to Development Gateway Foundation	3466	...	8.00	8.00	...	8.00	8.00	...	8.03	8.03
20. Afganistan Reconstruction Trust Fund	3466	...	...	...	...	0.99	0.99	...	1.00	1.00
Total-International Financial Institutions	...	...	133.75	133.75	...	147.21	147.21	...	160.85	160.85
21. Interest Subsidy										
21.01 Goan Banks	2885	...	0.11	0.11	...	0.11	0.11	...	0.11	0.11
<i>Total</i>		...	<i>0.11</i>	<i>0.11</i>	...	<i>0.11</i>	<i>0.11</i>	...	<i>0.11</i>	<i>0.11</i>
Shipping										
22. Subsidy towards interest differential on acquisition of ships	3052	...	0.31	0.31	...	0.01	0.01	...	0.01	0.01
Other General Economic Services										
23. Compensation for exchange loss										
23.01 Industrial Development										
Bank of India	3475	...	237.98	237.98	...	230.89	230.89	...	...	...
23.02 Industrial Credit & Investment Corpn. of India	3475	...	34.73	34.73	...	36.58	36.58	...	35.64	35.64
23.03 National Housing Bank	3475	...	9.84	9.84	...	9.31	9.31	...	10.00	10.00
23.04 Housing Development Finance Corporation	3475	...	55.00	55.00	...	313.00	313.00	...	1.00	1.00
<i>Total</i>		...	<i>337.55</i>	<i>337.55</i>	...	<i>589.78</i>	<i>589.78</i>	...	<i>46.64</i>	<i>46.64</i>
24. Contribution for MOV A/c towards exchange loss arising out of Resurgent India Bonds	3475	...	936.95	936.95	...	273.62	273.62	...	288.57	288.57
	6001	...	-936.95	-936.95	...	-273.62	-273.62	...	-288.57	-288.57
<i>Net</i>		...	...	...	...	...	...	...	...	...
25. Contribution towards Exchange Loss on India Millennium Deposits	3475	...	446.44	446.44	...	100.60	100.60	...	423.90	423.90
	6001	...	-446.44	-446.44	...	-100.60	-100.60	...	-423.90	-423.90
<i>Net</i>		...	...	...	...	...	...	...	...	...
26. Other Expenditure	3466	...	0.46	0.46	...	0.48	0.48	...	0.48	0.48
	4885	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
<i>Total</i>		...	<i>0.47</i>	<i>0.47</i>	...	<i>0.49</i>	<i>0.49</i>	...	<i>0.49</i>	<i>0.49</i>
Social Security and Welfare										
27. Subsidy to LIC for Community based Universal Health Insurance Scheme	2235	...	...	...	...	...	...	...	70.00	70.00
28. Interest Subsidy to LIC for Pension Plan for Senior Citizens	2235	...	...	...	...	...	...	...	30.00	30.00
Miscellaneous General Services										
29. Transfer to Guarantee Redemption Fund	2075	...	125.00	125.00	...	125.00	125.00	...	125.00	125.00
Grand Total			54.95	697.19	752.14	151.60	2423.60	2575.20	46.00	5779.08
5825.08										
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	...	...	...	1.83	...	1.83	...	...	...
2. Industrial Credit & Investment Corporation of India	12885	...	...	...	1.00	...	1.00	...	...	...
3. National Bank for Agriculture and Rural Development	12416	...	...	...	16.80	...	16.80	...	...	...
Total		...	...	...	19.63	...	19.63	...	...	...
<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	...	...	...	28.35	...	28.35	...	...	...
2. Industrial Financial Institutions	12885	54.95	...	54.95	123.25	...	123.25	46.00	...	46.00
Total		54.95	...	54.95	151.60	...	151.60	46.00	...	46.00

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. **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.

5. **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; refinances 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.

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

7. 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.

8. This represents return of capital, provided by Government, by Union Bank of India (Rs. 58 crore in RE 2002-03), Canara Bank (Rs. 277.87 crore in RE 2002-03) and Andhra Bank (Rs. 50 crore each in RE 2002-03 and BE 2003-04). This will be adjusted by simultaneous discharge of securities held by the banks.

9. The provision in RE 2002-03 is towards writing down of the investments (capital base) of Central Bank of India (Rs. 681.31 crore) and UCO Bank (Rs. 1665.16 crore). These adjustments will be matched by receipts and recoveries on capital account. This reduction of Government's investment in these banks will enable them to raise capital from the market.

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. This is India's contribution for the Afghanistan Reconstruction Trust Fund (ARTF) managed by the World Bank.

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

22. 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.

23. 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.

24 & 25. 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 as per revised procedure.

26. 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.

27 & 28. This represents subsidy to LIC for community based Universal Health Insurance scheme and interest subsidy to LIC for Pension Plan for Senior Citizens.

29. The contribution is for building up the corpus of the Guarantee Redemption Fund.