

**MINISTRY OF FINANCE****DEMAND NO. 34****Payments to Financial Institutions**

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

		<i>(In crores of Rupees)</i>								
Major Head	Budget 2004-2005			Revised 2004-2005			Budget 2005-2006			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
Revenue	24.00	3283.41	3307.41	26.18	2357.64	2383.82	25.81	3075.66	3101.47	
Capital	...	209.13	209.13	...	360.11	360.11	...	630.89	630.89	
<b>Total</b>	<b>24.00</b>	<b>3492.54</b>	<b>3516.54</b>	<b>26.18</b>	<b>2717.75</b>	<b>2743.93</b>	<b>25.81</b>	<b>3706.55</b>	<b>3732.36</b>	
<b>Industrial Financial Institutions</b>										
1. Industrial Development Bank of India	2885	...	574.10	574.10	...	255.00	255.00	...	495.00	495.00
2. Asset Management Trust for SASF	6885	...	9000.00	9000.00	...	9000.00	9000.00	...	...	...
Securities issued	8012	...	-9000.00	-9000.00	...	-9000.00	-9000.00	...	...	...
<i>Net</i>	...	...	...	...	...	...	...	...	...	...
3. Industrial Finance Corporation of India	2885	...	226.00	226.00	...	316.00	316.00	...	300.00	300.00
4. ICICI Bank	2885	...	...	...	...	50.00	50.00	...	37.50	37.50
5. Export-Import Bank of India	2885	...	14.53	14.53	...	...	...	...	...	...
4885	...	...	200.00	200.00	...	200.00	200.00	...	200.00	200.00
<i>Total</i>	...	...	214.53	214.53	...	200.00	200.00	...	200.00	200.00
6. Industrial Investment Bank of India	2885	...	143.00	143.00	...	143.00	143.00	...	...	...
4885	...	...	...	...	...	...	...	...	150.00	150.00
<i>Total</i>	...	...	143.00	143.00	...	143.00	143.00	...	150.00	150.00
7. Small Industries Development Bank of India	2885	24.00	...	24.00	21.18	...	21.18	22.00	...	22.00
<b>Total-Industrial Financial Institutions</b>	<b>24.00</b>	<b>1157.63</b>	<b>1181.63</b>	<b>21.18</b>	<b>964.00</b>	<b>985.18</b>	<b>22.00</b>	<b>1182.50</b>	<b>1204.50</b>	
<b>Agricultural Financial Institutions</b>										
8. National Bank for Agriculture and Rural Dev.	2416	...	5.30	5.30	...	5.30	5.30	...	5.18	5.18
9. Grants through National Bank for Agriculture and Rural Dev. for Strengthening Cooperative Credit Structure	2416	...	800.00	800.00	...	200.00	200.00	...	600.00	600.00
10. Grant to NABARD for Water Harvesting Scheme	2416	...	...	...	5.00	...	5.00	3.81	...	3.81
Grants-in-Aid	2416	...	...	...	...	...	...	...	1.00	1.00
11. Agricultural Credit Support Scheme	2416	...	...	...	...	...	...	...	...	...
<b>Total-Agricultural Financial Institutions</b>	<b>...</b>	<b>805.30</b>	<b>805.30</b>	<b>5.00</b>	<b>205.30</b>	<b>210.30</b>	<b>3.81</b>	<b>606.18</b>	<b>609.99</b>	
<b>General Financial and Trading Institutions</b>										
12. Return of Capital by Nationalised Banks	5465	...	...	...	...	-30.00	-30.00	...	...	...
Securities discharged	8012	...	...	...	...	30.00	30.00	...	...	...
<i>Net</i>	...	...	...	...	...	...	...	...	...	...
13. Assistance to Specified Undertaking of Unit Trust of India	3465	...	1200.00	1200.00	...	1200.00	1200.00	...	1200.00	1200.00
Securities issued	8012	...	...	...	...	-362.00	-362.00	...	...	...
<i>Net</i>	...	...	1200.00	1200.00	...	838.00	838.00	...	1200.00	1200.00
14. Grants to Infrastructure Development Finance Company Ltd.[IDFC]	3465	...	...	...	...	4.30	4.30	...	5.00	5.00
15. Premium paid towards Investment in IDFC on account of transfer of equity	3465	...	...	...	...	104.87	104.87	...	...	...
16. Investment in IDFC	5465	...	...	...	...	150.00	150.00	...	...	...
17. Loans to IDFC	7465	...	...	...	...	350.00	350.00	...	...	...
Securities Issued	6001	...	...	...	...	-350.00	-350.00	...	...	...
<i>Net</i>	...	...	...	...	...	...	...	...	...	...
18. Investment in Life Insurance Corporation of India Ltd.	5465	...	...	...	...	...	...	...	280.00	280.00
<b>Total - General Financial and Trading Institutions</b>	<b>...</b>	<b>1200.00</b>	<b>1200.00</b>	<b>...</b>	<b>1097.17</b>	<b>1097.17</b>	<b>...</b>	<b>1485.00</b>	<b>1485.00</b>	
<b>International Financial Institutions</b>										
19. International Monetary Fund	5466	...	...	...	...	...	...	...	357.14	357.14
6001	...	...	...	...	...	...	...	...	-357.14	-357.14
<i>Net</i>	...	...	...	...	...	...	...	...	...	...
20. Service Charges Payable to I.M.F	2047	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
21. International Bank for Recon. & Development	5466	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01

		(In crores of Rupees)								
Major Head	Budget 2004-2005			Revised 2004-2005			Budget 2005-2006			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
22. International Development Association	5466	...	0.01	0.01	...	1.04	1.04	...	...	...
23. Asian Development Bank	5466	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
24. African Development Fund/Bank	5466	...	9.08	9.08	...	9.03	9.03	...	0.85	0.85
25. Multilateral Investment Guarantee Agency(MIGA)	5466	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
26. International Fund for Agricultural Development	2416	...	23.00	23.00	...	22.74	22.74	...	23.00	23.00
27. Contribution to Development Gateway Foundation	3466	...	7.68	7.68	...	15.60	15.60	...	...	...
28. Afganistan Reconstruction Trust Fund	3466	...	0.95	0.95	...	0.95	0.95	...	0.95	0.95
29. Contribution to Multi-donor Technical Assistance Sub A/c for Iraq	3466	...	0.55	0.55	...	0.90	0.90	...	0.69	0.69
<b>Total-International Financial Institutions</b>		...	<b>41.31</b>	<b>41.31</b>	...	<b>50.30</b>	<b>50.30</b>	...	<b>25.53</b>	<b>25.53</b>
30. Interest Subsidy										
30.01 Goan Banks	2885	...	0.09	0.09	...	0.09	0.09	...	0.08	0.08
<b>Shipping</b>										
31. Subsidy towards interest differential on acquisition of ships	3052	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
<b>Other General Economic Services</b>										
32. Compensation for exchange loss										
32.01 Industrial Development Bank of India	3475	...	0.01	0.01	...	5.00	5.00	...	5.00	5.00
32.02 ICICI Bank	3475	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
32.03 National Housing Bank	3475	...	7.70	7.70	...	7.48	7.48	...	7.70	7.70
<i>Total</i>		...	<i>7.72</i>	<i>7.72</i>	...	<i>12.49</i>	<i>12.49</i>	...	<i>12.71</i>	<i>12.71</i>
33. Contribution towards Exchange Loss on India Millennium Deposits	3475	...	208.00	208.00	...	...	...	...	1.00	1.00
	6001	...	-208.00	-208.00	...	...	...	...	-1.00	-1.00
<i>net</i>		...	...	...	...	...	...	...	...	...
34. Other Expenditure	3466	...	0.47	0.47	...	0.22	0.22	...	0.33	0.33
	4885	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
<i>Total</i>		...	<i>0.48</i>	<i>0.48</i>	...	<i>0.23</i>	<i>0.23</i>	...	<i>0.34</i>	<i>0.34</i>
<b>Social Security and Welfare</b>										
35. Subsidy to public sector general insurance companies for Community based universal Health Insurance Scheme	2235	...	5.00	5.00	...	...	...	...	0.01	0.01
36. Interest Subsidy to LIC for Pension Plan for senior citizens	2235	...	150.00	150.00	...	263.16	263.16	...	269.19	269.19
<b>Miscellaneous General Services</b>										
37. Transfer to Guarantee Redemption Fund	2075	...	125.00	125.00	...	125.00	125.00	...	125.00	125.00
<b>Grand Total</b>			<b>24.00</b>	<b>3492.54</b>	<b>3516.54</b>	<b>26.18</b>	<b>2717.75</b>	<b>2743.93</b>	<b>25.81</b>	<b>3706.55</b>
<b>C. Plan Outlay</b>	Head of Dev.	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
1. Industrial Financial Institutions	12885	24.00	...	24.00	21.18	...	21.18	22.00	...	22.00
2. Agricultural Financial Institutions	12416	...	...	...	5.00	...	5.00	3.81	...	3.81
<b>Total</b>		<b>24.00</b>	...	<b>24.00</b>	<b>26.18</b>	...	<b>26.18</b>	<b>25.81</b>	...	<b>25.81</b>

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. The Budgetary support is provided for USAID Green House Pollution Prevention(GEP) Project, ADB Line of Credit & to meet Restructuring Liabilities.

3. **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. The Budgetary support is to meet Restructuring Liabilities.

4. **ICICI Bank** – Government's assistance is limited to pass through assistance for transfer of foreign aid and to provide for foreign exchange risk.

5. **Export-Import Bank of India (Exim Bank)** provides financial assistance to exports and imports and functions as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting country's international trade. The funds from Government are in the form of share capital and grants from external credit.

6. **Industrial Investment Bank of India (IIBI)** is the only Kolkata based development financial institution. The provision is towards interest subsidy.

**7. Small Industries Development Bank of India (SIDBI)** 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 2<sup>nd</sup> 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. The provision is for equity support from the Government under National Equity Fund (NEF).

**8. National Bank for Agriculture and Rural Development (NABARD)** 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. The budgetary support is in the form of rupee counterpart fund to the extent of foreign aid being received from various external agencies for development of agriculture and for various poverty alleviation programmes of the Government.

**9. Grants through NABARD for strengthening Cooperative Credit** - The provision is for grants through NABARD for providing incentives to States and Cooperative Institutions to adopt reform measures for strengthening cooperative credit structure.

**10. Grant to NABARD for Water Harvesting Scheme** - The provision is for lending money on easy terms for nationwide water harvesting scheme to farmers belonging to the Scheduled Castes and Scheduled Tribes. Fifty per cent capital subsidy is being provided by the Central Government through NABARD for the purpose.

11. The provision is for Agricultural Credit Support Scheme to be devised during the course of the year.

12. The provision is for return of equity (face value) by Punjab Nations Bank relating to FPO.

13. This represents provision for assistance to Specified Undertaking of the Unit Trust of India (SUUTI).

14. The assistance of Government of India is for obligatory transfer of foreign aid from multilateral and bilateral agencies.

15-17. The provisions are for payment to RBI in relation to transfer of equity and subordinated debt to IDFC from RBI to Government.

18. The provision is for support to LIC for expansion of operations and augmentation of capital base.

19. The provision is for subscription to IMF.

20. The provision is for service charges payable to the IMF 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.

21. The provision is for subscription to the capital stock of IBRD and meeting the obligation towards Dollar Denominated Securities.

22. The provision in RE is for investment in International Development Association.

23. The provision is for meeting Maintenance Of Value (MOV) payments to ADB.

24. 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.

25. Provision has been kept for making payments to MIGA.

26. The provision represents India's contribution to IFAD.

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

28. This is India's contribution for the Afghanistan Reconstruction Trust Fund.

29. This is India's contribution for multi-donor Technical Assistance Sub- A/c for Iraq.

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

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

32. The provision is towards compensating IDBI, ICICI, NHB and HDFC for the exchange loss involved in repayment of foreign lines of credit by these organizations.

33. The provision is for Government contribution towards exchange loss on India Millennium Deposits. Matching investment in Government securities by RBI is being netted as per revised procedure. Only a token provision has been made.

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

35. The provision is for subsidy to Public Sector General Insurance companies for Community Based Universal Health Insurance Scheme.

36. The provision is for payments towards pension/annuity to the policy holders and payment of lumpsum equal to purchase price to the nominee of the policy holders.

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