

MINISTRY OF FINANCE
DEMAND NO. 33
Payments to Financial Institutions

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

| Major Head | Budget 2006-2007 | | | Revised 2006-2007 | | | Budget 2007-2008 | | | |
|--|------------------|----------------|----------------|-------------------|----------------|----------------|------------------|-----------------|-----------------|----------|
| | Plan | Non-Plan | Total | Plan | Non-Plan | Total | Plan | Non-Plan | Total | |
| Revenue | 36.00 | 2633.43 | 2669.43 | 9.53 | 5028.26 | 5037.79 | ... | 5223.81 | 5223.81 | |
| Capital | ... | 232.79 | 232.79 | ... | 158.43 | 158.43 | ... | 40314.19 | 40314.19 | |
| Total | 36.00 | 2866.22 | 2902.22 | 9.53 | 5186.69 | 5196.22 | ... | 45538.00 | 45538.00 | |
| Industrial Financial Institutions | | | | | | | | | | |
| 1. Industrial Development Bank of India | 2885 | ... | 294.80 | 294.80 | ... | 294.80 | 294.80 | ... | 282.35 | 282.35 |
| 2. Redemption of securities issued to SASF | 2885 | ... | 1500.00 | 1500.00 | ... | 1500.00 | 1500.00 | ... | 500.00 | 500.00 |
| Realisation of stressed assets of IDBI | 6885 | ... | -1500.00 | -1500.00 | ... | -1500.00 | -1500.00 | ... | -500.00 | -500.00 |
| <i>Net</i> | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 3. Industrial Finance Corporation of India | 2885 | ... | 225.00 | 225.00 | ... | 224.97 | 224.97 | ... | 1300.00 | 1300.00 |
| 4. ICICI Bank | 2885 | ... | 25.00 | 25.00 | ... | 25.00 | 25.00 | ... | 0.01 | 0.01 |
| 5. Export-Import Bank of India | 4885 | ... | 50.00 | 50.00 | ... | 50.00 | 50.00 | ... | 100.00 | 100.00 |
| 6. Industrial Investment Bank of India | 2885 | ... | 99.32 | 99.32 | ... | 0.01 | 0.01 | ... | 0.01 | 0.01 |
| 7. Small Industries Development Bank of India | 2885 | 20.00 | ... | 20.00 | 5.00 | ... | 5.00 | ... | ... | ... |
| 8. India Infrastructure Finance Company Limited (IIFCL) | 4885 | ... | 90.00 | 90.00 | ... | 90.00 | 90.00 | ... | 200.00 | 200.00 |
| Total-Industrial Financial Institutions | 20.00 | 784.12 | 804.12 | 5.00 | 684.78 | 689.78 | ... | 1882.37 | 1882.37 | |
| Agricultural Financial Institutions | | | | | | | | | | |
| 9. National Bank for Agriculture and Rural Dev. (NABARD) | 2416 | ... | 0.91 | 0.91 | ... | 0.91 | 0.91 | ... | 0.91 | 0.91 |
| 10. Grants through National Bank for Agriculture and Rural Dev. for Strengthening Cooperative Credit Structure | 2416 | ... | 1500.00 | 1500.00 | ... | 1500.00 | 1500.00 | ... | 1500.00 | 1500.00 |
| 11. Grant to NABARD for Water Harvesting Scheme Grants-in-Aid | 2416 | 16.00 | ... | 16.00 | 4.53 | ... | 4.53 | ... | ... | ... |
| 12. Agricultural Credit Support Scheme | 2416 | ... | 37.50 | 37.50 | ... | 75.00 | 75.00 | ... | ... | ... |
| 13. Interest Subvention for providing short term credit to farmers | 2416 | ... | ... | ... | ... | 1100.00 | 1100.00 | ... | 1676.86 | 1676.86 |
| Total-Agricultural Financial Institutions | 16.00 | 1538.41 | 1554.41 | 4.53 | 2675.91 | 2680.44 | ... | 3177.77 | 3177.77 | |
| General Financial and Trading Institutions | | | | | | | | | | |
| 14. Investment in Life Insurance Corporation of India Ltd. | 5465 | ... | 80.00 | 80.00 | ... | ... | ... | ... | ... | ... |
| 15. Restructuring equity/ preference share capital of Indian Bank and Central Bank of India | 5465 | ... | ... | ... | ... | 0.01 | 0.01 | ... | ... | ... |
| 16. Acquisition cost of RBI stake in SBI | 5465 | ... | ... | ... | ... | ... | ... | ... | 40000.00 | 40000.00 |
| Total - General Financial and Trading Institutions | ... | 80.00 | 80.00 | ... | 0.01 | 0.01 | ... | 40000.00 | 40000.00 | |
| International Financial Institutions | | | | | | | | | | |
| 17. International Monetary Fund | 5466 | ... | 0.01 | 0.01 | ... | 39.57 | 39.57 | ... | 39.57 | 39.57 |
| <i>Net</i> | 6001 | ... | -0.01 | -0.01 | ... | -39.57 | -39.57 | ... | -39.57 | -39.57 |
| 18. Service Charges Payable to I.M.F | 2047 | ... | 0.01 | 0.01 | ... | 0.01 | 0.01 | ... | 0.01 | 0.01 |
| 19. International Development Association | 5466 | ... | ... | ... | ... | 2.87 | 2.87 | ... | 0.01 | 0.01 |
| 20. African Development Fund/Bank | 5466 | ... | 12.79 | 12.79 | ... | 15.55 | 15.55 | ... | 14.18 | 14.18 |
| 21. International Fund for Agricultural Development | 2416 | ... | 46.00 | 46.00 | ... | 55.60 | 55.60 | ... | 28.01 | 28.01 |
| 22. Afganistan Reconstruction Trust Fund | 3466 | ... | ... | ... | ... | 0.95 | 0.95 | ... | 0.95 | 0.95 |
| 23. Contribution to Multi-donor Technical Assistance Sub A/c for Iraq | 3466 | ... | 0.45 | 0.45 | ... | 0.68 | 0.68 | ... | ... | ... |
| Total-International Financial Institutions | ... | 59.25 | 59.25 | ... | 75.66 | 75.66 | ... | 43.16 | 43.16 | |

| (In crores of Rupees) | | | | | | | | | | |
|--|------------------|----------------|----------------|-------------------|----------------|----------------|------------------|----------------|-----------------|-----------------|
| Major Head | Budget 2006-2007 | | | Revised 2006-2007 | | | Budget 2007-2008 | | | |
| | Plan | Non-Plan | Total | Plan | Non-Plan | Total | Plan | Non-Plan | Total | |
| 24. Interest Subsidy | | | | | | | | | | |
| 24.01 Goan Banks | 2885 | ... | ... | ... | 7.75 | 7.75 | ... | 7.75 | 7.75 | |
| Other General Economic Services | | | | | | | | | | |
| 25. Compensation for exchange loss | | | | | | | | | | |
| 25.01 National Housing Bank | 3475 | ... | 7.13 | 7.13 | ... | 6.96 | 6.96 | ... | 6.93 | 6.93 |
| 26. Write off of government investments in Public Sector Banks | 3475 | ... | ... | ... | ... | 0.01 | 0.01 | ... | ... | ... |
| 27. Other Expenditure | 3466 | ... | 0.31 | 0.31 | ... | 0.25 | 0.25 | ... | 0.25 | 0.25 |
| Social Security and Welfare | | | | | | | | | | |
| 28. Subsidy to public sector general insurance companies for Community based universal Health Insurance Scheme | 2235 | ... | 3.00 | 3.00 | ... | 25.00 | 25.00 | ... | 45.00 | 45.00 |
| 29. Interest Subsidy to LIC for Pension Plan for senior citizens | 2235 | ... | 269.00 | 269.00 | ... | 226.23 | 226.23 | ... | 249.77 | 249.77 |
| 30. Waiver of interest on overdue loans in debt stressed states of AP, Karnataka, Kerala & Maharashtra | 2235 | ... | ... | ... | ... | 1359.13 | 1359.13 | ... | ... | ... |
| Miscellaneous General Services | | | | | | | | | | |
| 31. Transfer to Guarantee Redemption Fund | 2075 | ... | 125.00 | 125.00 | ... | 125.00 | 125.00 | ... | 125.00 | 125.00 |
| Grand Total | | 36.00 | 2866.22 | 2902.22 | 9.53 | 5186.69 | 5196.22 | ... | 45538.00 | 45538.00 |
| C. Plan Outlay | Head of Dev. | Budget Support | IEBR | Total | Budget Support | IEBR | Total | Budget Support | IEBR | Total |
| 1. Industrial Financial Institutions | 12885 | 20.00 | ... | 20.00 | 5.00 | ... | 5.00 | ... | ... | ... |
| 2. Agricultural Financial Institutions | 12416 | 16.00 | ... | 16.00 | 4.53 | ... | 4.53 | ... | ... | ... |
| Total | | 36.00 | ... | 36.00 | 9.53 | ... | 9.53 | ... | ... | ... |

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 and to meet Restructuring Liabilities.

2. The provision is to carry out accounting adjustment in respect of SASF. The expenditure would be matched by repayment of loan extended to SASF in financial year 2005-06. This reflects recovery against Non Performing Assets (NPA) of IDBI.

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. As the Institution is being wound up, only a token provision has been made.

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 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. The provision is for equity support from the Government under National Equity Fund (NEF).

8. **India Infrastructure Finance Company Limited (IIFCL)** was incorporated on January 5, 2006 with a paid up capital of 10 crore and an authorized capital of Rs. 1,000 crore. IIFCL would lend funds, especially debt of longer-term maturity, directly to the eligible projects to supplement other loans from banks and financial institutions. The company would fill the gap for long term infrastructure finance, which the banks are not in a position to address owing to concerns relating to mis-matches in assets and liabilities. The provision in RE is for investment in IIFCL besides establishment related expenditure. The provision of Rs. 200 crore in BE 2007-2008 is for investment in IIFCL.

9. **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.

10. **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.

11. 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.

12. Agricultural Credit Support Scheme - The provision is for interest subsidy on Agricultural Credit to NABARD.

13. The provision is for interest subvention to NABARD, Regional Rural Banks, Cooperative Banks and Public Sector Banks for providing short term credit to farmers at 7% p.a.

15. The token provision is for re-structuring equity/preference share capital of Indian Bank and Central Bank of India.

16. The provision is for making payments to RBI for acquisition of its stake in State Bank of India. The acquisition price would be worked out as per applicable norms for a listed company at the time of transfer.

17. The provision is for subscription to IMF.

18. 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.

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

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

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

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

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

24. The provision is for paying interest subsidy to Goan Banks.

25. The provision is towards compensating NHB for the exchange loss involved in repayment of foreign lines of credit.

26. The provision is for writing off/netting of accumulated losses of Indian Bank and United Bank of India.

27. 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.

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

29. 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.

30. The provision is for payment of GOI's share on waiver of interest on overdue loans in debt stressed states of AP, Karnataka, Kerala and Maharashtra.

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