

PART B
CAPITAL RECEIPTS

ESTIMATES OF CAPITAL RECEIPTS

The Statement below summarizes by broad categories the estimates of capital receipts - both non-debt and debt receipts. Further, details together with brief notes explaining the variations between Budget Estimates and Revised Estimates for 2006-07 and between latter and Budget Estimates for 2007-08 are given in the notes following the statement. The borrowings and other debt included in the statement are net of repayments.

(in crore of Rupees)

	Budget 2006-2007	Revised 2006-2007	Budget 2007-2008
A. Non-debt Receipts			
1 Recoveries of loans & advances	8000.00	5450.00	1500.00
2 Miscellaneous capital receipts	3840.00	528.58	41651.00
B. Debt Receipts			
3 Market Loans	113777.64	107453.31	109579.24
4 Short term borrowings	-110.00	3047.00	1748.00
5 External Loan (Net)	8323.92	7891.62	9110.55
6 Securities issued against Small Savings	3010.00	3010.00	10510.00
7 State Provident Funds (Net)	6000.00	5000.00	5000.00
8 Other Receipts (Net)	17684.07	15000.00	15000.00
C. Total Capital Receipts	160525.63	147380.51	194098.79
9 Draw-down of Cash Balance	....	10925.52	...
10. Debt receipts to finance Fiscal Deficit	148685.63	152327.45	150947.79
11. Receipts under MSS (Net)	46000.00	40937.83	10000.00

1. RECOVERIES OF LOANS & ADVANCES

The estimates of recoveries of loans and advances made by the Central Government to the State Governments, Union Territories (with Legislature) and Non-Government parties are as follows:

(in crore of Rupees)

	Budget 2006-2007	Revised 2006-2007	Budget 2007-2008
<i>Recoveries from:</i>			
(i) State Governments	6675.64	2573.36	500.00
(ii) Union Territories (with Legislature)	86.14	93.00	93.00
(iii) Others	1238.22	2783.64	907.00
(a) Foreign Governments	123.40	72.40	84.69
(b) Public Sector Enterprises, statutory bodies, etc	1114.82	2711.24	822.31
TOTAL- Recoveries of Loans and Advances	8000.00	5450.00	1500.00
(a) The recoveries from State Governments exclude short-term ways and means advances	1000.00	1000.00	1000.00
(b) The recoveries from Others exclude recoveries from Government servants, etc. which are netted in the Expenditure Budget	530.00	530.00	530.00

(i) **Recoveries from State Governments:** Receipts from State Governments are estimated to decline in RE 2006-07 and BE 2007-08 due to the impact of the debt waiver under the Twelfth Finance Commission award.

(ii) **Recoveries from Union Territories (with Legislature):** The recoveries are in respect of loans advanced to the Union Territory of Puducherry and NCT of Delhi.

(iii) **Repayments by Others:** These include loan repayments by parties other than State and Union Territory Governments, viz.

foreign Governments, industrial and commercial enterprises and financial institutions in the public sector, municipalities, port trusts, private sector companies and institutions, cooperatives, etc. The broad details are:-

(in crore of Rupees)

	Budget 2006-2007	Revised 2006-2007	Budget 2007-2008
(a) Foreign Governments	123.40	72.40	84.69
(b) Public Sector Enterprises, statutory bodies, etc.	1114.82	2711.24	822.31
Total	1238.22	2783.64	907.00

2. MISCELLANEOUS CAPITAL RECEIPTS

In RE 2006-07 no disinvestment receipts are being assumed. Estimate of Rs.528.58 crore is on account of bonus shares issued by ONGC during the year.

In BE 2007-08 disinvestment proceeds of Rs.1651 crore on account of disinvestment of small portion of equity in Rural Electrification Corporation (REC), Power Grid Corporation Limited (PGCIL) and National Hydroelectric Power Corporation (NHPC) have been assumed. Provision for transfer of the same amount to National Investment Fund has been made in the Demand No. 44 pertaining to Department of Disinvestment. Government has constituted a "National Investment Fund" (NIF) into which the proceeds from disinvestment of Government equity in select CPSEs would be channelised. The NIF would be maintained outside the Consolidated Fund of India and would be professionally managed by selected Public Sector Mutual Funds to provide sustainable returns without depleting the corpus. The transactions have been so accounted as to make these deficit-neutral.

Receipts of Rs.40000 crore have been assumed as one-time transfer from RBI of proceeds on account of transfer of its stake in SBI to Government of India. The provision for payment of the same has been made in Demand No. 33 - Payments to Financial Institutions. The transactions have been so accounted as to leave the deficit indicators un-impacted.

3. MARKET LOANS

Government of India raises its market loans under the Scheme of Sale of Dated Government Securities by Auction started in 1992-93. These auctions are conducted by the Reserve Bank of India, as debt manager to the Central Government. This Scheme marked a departure from the practice followed earlier in raising market loans by issuing loans at specified interest rates. Under the Scheme, apart from Fixed Coupon Securities, Government also issues Floating Rate Bonds (FRB) on which the coupon rate, payable semi annually, are reset annually by adding a 'spread', determined in the auction, on the variable base rate calculated as the average of the implicit yields at cut off prices of 364 days Treasury Bills in the three preceding auctions; Zero Coupon Bonds which do not carry any coupon but are sold at a discount; Capital Indexed Bonds, which provided inflation-indexation to the principal amount. Since 2002-03, Central Government has been announcing half-yearly Indicative Market Borrowing Calendar based on its core borrowing requirements.

The Revised Estimate of net market borrowing of Central Government through issue of dated securities is Rs.107453.31 crore. Taking into account the repayments amounting to Rs.39078.84 crore, RE of gross market borrowing is fixed at Rs.146532.15 crore.

These estimates do not take into account issue of dated securities amounting to Rs.8707.99 crore on February 15, 2007 as part of phased conversion of Recapitalization Bonds issued to Nationalized Banks as these are essentially conversion of special securities into SLR securities, not utilized to finance fiscal deficit. [Vide details in Annex 4B].

The net market borrowing of the Central Government through issue of dated securities in 2007-08 is estimated to be Rs.109579.24 crore. Gross market borrowing in BE 2007-08 is placed at Rs.155455.18 crore, taking into account scheduled repayment of Rs.45875.94 crore. This amount does not include the issues of dated securities as part of conversion of Recapitalization Bonds issued to Nationalized Banks. For details of repayments in 2007-08 see next paragraph.

BUDGET ESTIMATES 2006-2007

The following market loans with outstanding balance indicated against each are due for discharge in 2007-08:

(in crore of Rupees)

1.	13.05% Government Stock, 2007	7700.00
2.	11.90% Government Stock, 2007	13500.00
3.	11.50% Loan, 2007	4356.97
4.	6.75% Loan, 2007	621.49
5.	4.69% Government Stock, 2008	6500.00
6.	9.50% Loan, 2006	672.48
7.	12.15% Government Stock, 2006	525.00
*8.	6,72% Govt. Stock 2007/2012	3000.00
	Total	36875.94
<i>Add:</i>		
#9.	13.05% Govt. Stock, 2007	5000.00
#10.	5.73% Govt. Stock, 2008	4000.00
	Grand Total	45875.94

* The redemption for 2007-08 also includes Rs. 3000 crore in respect of 6.72% GS 2007/2012 (with call and put option which become exercisable since the year 2007).

Special Securities converted into Marketable Securities.

The following dated security issued under MSS is also due for discharge in 2007-08, the expenditure for which would be met out of the separate MSS cash balance held with RBI.

(in crore of Rupees)

11.90% Government Stock 2007

6000.00

CONVERSION OF SPECIAL SECURITIES

Government of India has completed the conversion of special securities issued in lieu of ad hoc treasury bills into marketable securities during the year 2003-04. Details of the marketable securities issued in conversion of special securities are given in Annex. 4A.

4. SHORT TERM BORROWINGS (364/182/91 DAYS TREASURY BILLS):

The treasury bills offer short-term investment opportunity to financial institution, banks, etc. These are issued under the normal auction programme of the Government and also provide option for non-competitive bids. The notified amount for fortnightly auction of 364 days treasury bills has been Rs.1000 crore since 2002-03; 91 days treasury bills weekly auction amount has been Rs.500 crore since 2003-04 and notified fortnightly auction amount for 182 days treasury bills has been Rs.500 crore since reintroduced in 2005-06.

Central Government also issues 14 days Intermediate Treasury Bills for deployment of short term cash surpluses by State Governments. During 2006-07 investments in 14 days Treasury Bills have continued to be high on account of persistence of large surplus cash balance of State Governments. However, no net receipt is estimated on this account.

5. EXTERNAL LOAN

Budget 2007-08 assumed a gross receipt of Rs. 17451.53 crore and repayment of Rs. 8340.97 crore, resulting in net external loan of Rs. 9110.56 crore.

The net receipt from external loan is placed at Rs. 7891.62 crore at RE 2006-07.

A summary of estimates of receipts of external loan and repayment of the principal in 2006-2007 and in 2007-2008 is given below:

(in crore of Rupees)

	Budget 2006-2007	Revised 2006-2007	Budget 2007-2008
A. Gross Receipts	16064.75	15812.95	17451.53
B. Repayments	(-) 7740.83	(-)7921.33	(-)8340.97
C. Net receipts	8323.92	7891.62	9110.56

Further details are given in Annex 2 to this document.

6. (I) NATIONAL SMALL SAVINGS FUND

Small Savings Schemes:

The small savings schemes currently in force are: Post Office Savings Account, Post Office Time Deposits (1, 2, 3 & 5 years), Post Office Recurring Deposit, Post Office Monthly Income Account, Senior Citizens Savings Scheme, National Savings Certificate (VIII-Issue), Kisan Vikas Patra and Public Provident Fund.

The Senior Citizens Savings Scheme was introduced with effect from 2nd August, 2004. The scheme is available at post offices and designated public sector and institutionally owned banks. Persons of 60 years of age and above and retired employees of 55 years of age and above are eligible to open deposits under the scheme. The deposits are subject to a maximum ceiling of Rs. 15 lakh per individual (limited to retirement benefits in case of eligible retired employees below 60 years of age) and earn interest at the rate of nine per cent per annum paid on a quarterly basis.

The principal Acts under which the small savings schemes are being operated, have been amended through the Finance Act, 2005 so as to allow investment in these schemes by individuals only. Consequently, the relevant rules also stand amended to this effect from 13th May, 2005.

National Small Savings Fund:

All deposits under small savings schemes are credited to the "National Small Savings Fund" (NSSF), established in the Public Account of India with effect from 1.4.1999. All withdrawals by the depositors are made out of the accumulations in this Fund. The balance in the Fund is invested in special Government securities as per norms decided from time to time by the Central Government. The liability of outstanding balances under various small savings schemes at the close of 31st March, 1999 was borne by the Central Government by treating the same as investment of NSSF in special Central Government securities. A share of net small saving collections, was also invested in special Central Government securities during 1999-2000 to 2001-2002. At present, the entire net collections (deposits minus withdrawals by the subscribers) under small saving schemes in each State & UT (with legislature) are advanced to the concerned State/UT Government as investment in its special securities. The sums received in NSSF on redemption of special securities are being reinvested in special Central Government securities. The debt servicing of Central/State Government securities is an income of the Fund while the cost of the interest paid to the subscribers and cost of management of small savings schemes are expenditure of the Fund.

The special Central Government securities issued to NSSF constitute a part of the internal debt of the Government of India.

Interest at the rate of 9.50 per cent per annum continues to be payable on the special securities issued against net collections since 1st April, 2003.

Recommendations of the NDC Sub-Committee on NSSF :

A sub-committee of the National Development Council (NDC) was set up on the Debt Outstandings of States against the National Small Savings Fund on 16th September, 2005 under the Chairmanship of Union Finance Minister with Deputy Chairman, Planning Commission, Governor, RBI/his representative, Finance Ministers of Andhra Pradesh, Chhattisgarh, Punjab, Tamil Nadu and West Bengal, Secretary (Expenditure) and Secretary (Economic Affairs), Ministry of Finance as members. Pursuant to the recommendations of the sub-committee which have been endorsed by the NDC:

- (i) small savings collections will be shared between the States and the Centre in the ratio of 80:20 (vis-a-vis the present arrangement of 100 per cent transfer of collections to the State Governments) with the option to the States to take upto 100 per cent of their collections. The revised sharing pattern will be effective from 1st April, 2007.
- (ii) interest rates on loans taken by State Governments from NSSF from 1999-2000 to 2002-2003 will be reset at 10.5 per cent with effect from 1st April, 2007.
- (iii) interest rate on current NSSF loans will continue at 9.5 per cent.
- (iv) requests of State Governments for additional open market borrowing to enable them to repay non-NSSF loans will be considered on a case to case basis.
- (v) requests of State Governments for prepayment of NSSF loans contracted upto 2002-2003 will also be considered on a case to case basis within the approved market borrowing ceilings.

Consequent to the resetting of interest rates on special State Government securities issued to NSSF during 1999-2000 to 2002-2003, there is an estimated loss of around Rs.1500 crore in the interest income of NSSF in the 1st year .

Sources and Application :

(i) The Sources and Application of National Small Savings Fund are shown in the **Table-I** hereunder.

(ii) The details about various components of National Small Savings Fund (viz: Receipts, Disbursements, Investments, Income and Expenditure of NSSF) containing 'Actuals' for 2005-06 (Provisional), BE & RE 2006-2007 and BE 2007-2008 are tabulated in **Annex-8**.

Table-I
SOURCES AND APPLICATION OF NATIONAL SMALL SAVINGS FUND AS ON 31ST MARCH, 2007

Particulars	(In Crore of Rupees)		
	Actuals 2005-2006 (Provisional)	2006-2007 (R.E.)	2007-2008 (B.E.)
A. SOURCES OF FUNDS			
DEPOSITS UNDER SMALL SAVINGS SCHEMES			
Savings Deposits			
Liabilities outstanding as on 1st April	256683.86	317665.38	352665.38
Accretion to liabilities during the year	60981.52	35000.00	33400.00
Savings Certificates			
Liabilities outstanding as on 1st April	191892.75	203689.10	214489.10
Accretion to liabilities during the year	11796.35	10800.00	7700.00
Public Provident Fund			
Liabilities outstanding as on 1st April	83453.50	95762.00	109962.00
Accretion to liabilities during the year	12308.50	14200.00	16400.00
Total Deposits	617116.48	677116.48	734616.48
B. APPLICATION OF FUNDS			
(i) Investment in Central Government Special Securities against outstanding balance as on 31.3.1999			
Investment as on 1st April	83569.19	83569.19	83569.19
Less: Redemption of securities during the year	...	...	...
(ii) Investment in Central Government Special Securities against collections from 1.4.1999			
Investment as on 1st April	26049.69	25600.75	24735.75
Additional investment during the year	...	...	5750.00
Less: Redemption of securities during the year	(-)448.94	(-) 865.00	(-) 1305.00

(In Crore of Rupees)

Particulars	Actuals 2005-2006 (Provisional)	2006-2007 (R.E.)	2007-2008 (B.E.)
(iii) Investment in Special State Government Securities against collections from 1.4.1999			
Investment as on 1st April	302813.23	391302.21	449892.21
Additional investment during the year	89835.91	61600.00	51750.00
Less: Redemption of securities during the year	(-) 1346.93	(-) 3010.00	(-)4760.00
(iv) Re-investment in Central Government Special Securities out of the sums received on redemption of securities			
Investment as on 1st April	92651.73	94447.60	98322.60
Additional investment during the year	1795.87	3875.00	6065.00
Less: Redemption of securities during the year	...	...	...
Total Investment	594919.75	656519.75	714019.75
Accumulated Balance Income (-) /Expenditure (+) Account	18551.18	20079.84	18490.19
Cash Balance	3645.55	516.89	2106.54
TOTAL	617116.48	677116.48	734616.48

(II) DEPOSIT SCHEMES FOR RETIRING EMPLOYEES

Two non-statutory deposit schemes for retired/retiring employees, namely: Deposit Scheme for Retiring Government Employees and Deposit Scheme for Retiring Employees of Public Sector Companies, were also being run by the Central Government. Fresh deposits under both these schemes have been stopped with effect from the 10th July, 2004. Also, no interest accrues on the deposits in the existing accounts under these schemes on completion of the maturity period of three years on or after 13th September, 2004. Budgetary Estimates of collections under these schemes are shown in Table-II below.

Table II

(In Crore of Rupees)

	Actuals 2005-06 (Provisional)	RE 2006-2007	BE 2007-2008
GROSS	52#	...	...
NET	(-) 410	(-) 490	(-) 500

represents interest not drawn by the subscribers and credited to their accounts.

7. OTHER RECEIPTS

(i) **8% Savings (Taxable) Bonds, 2003** were introduced w.e.f. 21st April, 2003 to enable resident citizens/charitable institutions/university, etc. to invest their savings in taxable bonds without any monetary ceilings. The bonds will have maturity of six years carrying interest at 8 per annum payable half yearly. Both cumulative and non-cumulative options are available. The bonds are not transferable. They are also not tradeable in the secondary market and are not eligible as collateral security for loans from banking institutions, non-banking financial companies or financial institutions.

(ii) **6.5% Savings (Non-taxable) Bonds, 2003** were introduced with effect from 24th March, 2003 to enable resident citizens to invest their savings in tax-free bonds without any monetary ceilings. The Scheme has been discontinued with effect from close of business on July 9, 2004.

Government has also notified that post maturity interest on all series of Relief Bonds shall cease with effect from March 1, 2003.

(iii) Railway Reserve Funds:

(in Crore of Rupees)

	Budget 2006-2007	Revised 2006-2007	Budget 2007-2008
Railway Pension Fund			
Cr.	7991.28	7626.99	8883.02
Dr.	7900.00	7650.00	8160.00
Net	(+) 91.28	(-)23.01	(+)723.02
Railway Depreciation Reserve Fund			
Cr.	4696.50	4457.38	5675.65
Dr.	4247.00	4817.00	6070.00
Net	(+) 449.50	(-)359.62	(-)394.35

(in Crore of Rupees)

	Budget 2006-2007	Revised 2006-2007	Budget 2007-2008
Railway Development Fund			
Cr.	1147.23	2131.40	2646.75
Dr.	1613.00	1726.00	2257.00
Net	(-) 465.77	(+)405.40	(+)389.75
Railway Capital Fund			
Cr.	5595.08	8496.08	8750.18
Dr.	4009.00	4815.00	8219.00
Net	(+) 1586.08	(+)3681.08	(+)531.18
Railway Safety Fund			
Cr.	713.43	713.43	727.26
Dr.	710.86	710.77	1050.69
Net	(+) 2.57	(+)2.66	(-)323.43
Special Railway Safety Fund			
Cr.	2115.00	2215.00	1217.52
Dr.	2240.00	2153.00	1882.00
Net	(-)125.00	(+)62.00	(-)664.48
TOTAL	(+) 1538.66	(+)3768.51	(+)261.69

(a) *Railway Pension Fund*: is intended to meet the pensionary charges of Railway employees. Suitable amounts are transferred annually to the Fund by debit to revenue and capital expenditure heads. The pensionary charges are initially met as part of revenue head and later recouped from the Fund. Credit to the Fund during the year 2006-2007 is estimated at Rs.7626.99 crore, including Rs.100.99 crore by way of interest payable by the General Revenues on the balance in the Fund. The withdrawals are estimated at Rs.7650.00 crore. During 2007-2008 credit is estimated at Rs.8883.02 crore, including Rs.123.02 crore on account of interest. As against this, the withdrawal is estimated at Rs.8160.00 crore.

(b) *Railway Depreciation Reserve Fund*: provides for replacement and renewal of assets including the improvement element. Contribution to the Fund is estimated at Rs.4457.38 crore in 2006-2007, which is inclusive of Rs.249.38 crore of interest payable by General Revenues on the balance in the Fund. The outgo from the Fund has been estimated at Rs.4817.00 crore in 2006-2007. For 2007-2008, credit is estimated at Rs.5675.65 crore including Rs.225.65 crore on account of interest. Withdrawal is estimated at Rs.6070.00 crore.

(c) *Railway Development Fund*: set up in 1950, the Fund is used for meeting expenditure on passengers and users' amenities, labour welfare works, unremunerative operating improvements and safety works. The Fund is financed by appropriation of such portion of the Railway excess, if any, as may be fixed by the Government and voted by Parliament. If the accumulated balance in the Fund, after transfer from the railway excess to it, is not enough to meet the expenditure to be financed from the Fund, interest-bearing loans are taken from the General Revenues for credit to the Fund. During 2006-2007, the credit to the Railway Development Fund has been estimated at Rs.2131.40 crore comprising Rs.1880.00 crore out of the anticipated excess and Rs.251.40 crore being the interest payable by the General Revenues on the balance in the Fund. Withdrawal from the Fund during 2006-2007 has been estimated at Rs.1726.00 crore. Credit to the Fund during 2007-2008 is placed at Rs.2646.75 crore, made up of Rs.2359.00 crore out of anticipated excess and Rs. 287.75 crore being the interest payable on the balance in the Fund. The withdrawal during 2007-2008 is estimated at Rs. 2257.00 crore for works chargeable to the Fund.

(d) *Railway Capital Fund*: was created in 1992-93 to enable the Railways to utilise a part of the internally generated resources for building up the infrastructure of the Railways. In case of shortfall of Railway revenues in financing the Capital Fund, interest bearing loan is taken from the General Revenues for credit to the Fund. Credit to the Fund in 2006-2007 is estimated at Rs.8496.08 crore including Rs. 221.42 crore on account of interest, whereas the outgo from the Fund has been estimated at Rs. 4815.00 crore. In 2007-08, this Fund will be credited with Rs. 8750.18 crore including Rs. 354.01 crore of interest payable on the balance in the Fund whereas withdrawal is estimated at Rs. 8219.00 crore in this year.

(e) *Railway Safety Fund*: has been created from 1.4.2001 for financing safety works relating to conversion of unmanned level crossings and for construction of Railway Over/Under Bridges at busy level crossings. The Fund is mainly financed through transfer of funds by the Government from the Central Road Fund and the contribution hitherto being made to the Railway Safety Works Fund out of the dividend being paid to the General Revenues. This is a non-interest bearing Fund. Credit to the Fund during 2006-2007 is placed at Rs.713.43 crore. The withdrawal is estimated at Rs.710.77 crore. The credit during 2007-2008 is estimated at Rs.727.26 crore and the withdrawal is estimated at Rs.1050.69 crore.

(f) *Special Railway Safety Fund (SRSF)*: pursuant to the recommendation of the Railway Safety Review Committee (1998), a Special Railways Safety Fund has been set up w.e.f. 2001-02 to wipe out arrears of replacement and renewals of over-aged railway assets within a fixed time frame of 6 years. For this, as has been agreed by the Government, Rs.12000 crore will be provided by the Ministry of Finance and the balance Rs.5000 crore by the Railways through levy of safety surcharge on passenger fares. The short fall in collection of safety surcharge is being made good by the Railways out of its revenues. The SRSF is a non-interest bearing Fund.

An amount of Rs.2215.00 crore, representing Rs.1365.00 crore received from the General Revenues and Rs.850.00 crore being the Railways' share is being credited to the Fund in the current year. The outgo from the fund has also been placed at the level of Rs.2153.00 crore. During 2007-2008, the credit to the Fund is estimated at Rs.1217.52 crore, comprising Rs.1165 crore being transferred by the General Revenues and Rs.52.52 crore being the Railways' share. The withdrawal from the Fund has been kept at Rs.1882.00 crore in 2007-2008.

(iv) International Financial Institutions

The estimates relating to (a) special securities issued towards India's subscriptions/contributions to International Financial Institutions and (b) certain transactions involving use of Special Drawing Rights (SDRs) with the I.M.F. are given in the table below:

(in crore of Rupees)

International Financial Institutions	Budget 2006-2007			Revised 2006-2007			Budget 2007-2008		
	Receipts	Discharges	Net	Receipts	Discharges	Net	Receipts	Discharges	Net
1	2	3	4	5	6	7	8	9	10
1. International Monetary Fund	0.01	...	0.01	39.57	795.97	(-)756.40	39.57	0.01	39.56
2. International Bank for Reconstruction and Development	...	100.00	(-)100.00	...	100.00	(-)100.00	...	113.15	(-)113.15
3. International Development Association	...	...	...	2.87	...	2.87	0.01	...	0.01
4. Asian Development Bank	...	9.62	(-) 9.62	...	6.78	(-)6.78	...	11.60	(-)11.60
5. African Development Fund & Bank	12.79	18.36	(-) 5.57	15.55	19.82	(-)4.27	14.18	15.03	(-)0.85
6. Multilateral Investment Guarantee Agency (MIGA)	...	...	...	...	...	...	...	...	...
Total	12.80	127.98	(-)115.18	57.99	922.57	(-)864.58	53.76	139.79	(-)86.03
SDRs	126.67	121.56	5.11	214.68	164.64	50.04	220.46	133.65	86.81

International Monetary Fund (IMF): Under the 'Maintenance of Value' provision of the Fund's Article of Agreement, the value of the currencies of members held in the General Resources Account is required to be maintained in terms of the Special Drawing Rights and an adjustment in the Fund's holdings of a member's currency pursuant to this provision is made on the occasion of the use of that currency in an operation or transaction between the Fund and another member and at such other times as the Fund may decide or the member may request. In BE 2007-2008, a token provision of Rs. one lakh has been made.

On account of repurchase transactions during 2006-2007 necessitated by drawing down of the rupee balances in IMF Account No.1, the rupee securities are required to be encashed to replenish IMF Account No. 1 with RBI. In RE 2006-2007, an amount of Rs.39.57 crore has been provided for discharging obligatory expenses (redemption of special securities) under Financial Transaction Plan (FTP) of IMF. In view of the repurchase programme of IMF facility during 1991-93 having been completed, a provision of Rs. 39.57 crore has been made for the purpose in BE 2007-2008 for encashment of securities.

Special Drawing Rights (SDRs): India is a participant in the Special Drawing Rights allocation of the IMF. Since 1981 the net cumulative allocations of SDR to India has remained at SDR 681.2 million, as there was no fresh allocation of SDRs. The SDRs are used in transactions such as payment of charges and discharge of repurchase obligations including payment of additional subscription.

IMF pays interest to each holder on its holdings of Special Drawing Rights and levies charges at the same rate on each participant's net cumulative allocation. It also levies assessment charges in regard to administration of the SDR account, for all participants on their net cumulative allocations. The net interest or net charges are settled by crediting or by debiting individual holdings account at the beginning of February, May, August and November of each year.

India has already completed repurchases against various facilities drawn by it. Therefore, during 2005-2006, no provision was made under the head. There is no requirement for any provision in BE for 2007-2008.

Purchase and repurchase transactions are debited/credited to the head "Special Drawing Rights" in the Public Account. Payments made to the IMF in the form of SDRs are debited to the relevant expenditure heads per contra-credit to this head. Similarly, receipts realised in the form of SDRs are credited to the relevant receipt heads by contra-debit to this head. The total credits to the head 'Special

Drawing Rights' amounted to Rs.214.68 crore in the Revised Estimate 2006-2007 of which Rs. 175.11 crore would be contra credit to SDR A/c. The total debits to the head Special Drawing Rights amount to Rs. 164.64 crore in the Revised Estimates 2006-2007, of which Rs.164.64 crore would be contra-credited to the SDR Account. During 2007-2008 there will be a credit of Rs.220.46 crore and a debit of Rs.133.65 crore.

International Bank for Reconstruction and Development (IBRD): With the conversion of maintenance of value (MOV) obligation into Special Dollar Denomination securities, no provision is required to be made in BE 2007-2008.

Budget Estimate 2006-2007 and RE 2006-2007 included a provision of Rs.100.00 crore towards encashment of securities by IBRD. A provision of Rs.113.15 crore has also been kept in BE 2007-2008.

International Development Association (IDA): A provision of Rs. 2.87 crore has been made in RE 2006-2007, towards India's contribution to the IDA-14 Replenishment. For BE 2007-2008, a token provision of Rs. one lakh has been made.

For encashment of securities for IDA, no provision was made in 2005-2006. Similarly, no provision has been made in RE 2006-07 and BE 2007-08.

International Fund for Agriculture Development (IFAD): India is one of the original members of the International Fund for Agricultural Development, a specialised agency of the United Nations. India has contributed \$ 52 million towards the resources of IFAD which would be paid in 3 Installments.

Asian Development Bank (ADB): The Asian Development Bank keeps Rupee securities with the Reserve Bank of India which can be encashed by it to meet its rupee expenditure in India from time to time. A provision of Rs.9.62 crore has been made in BE 2006-07. RE 2006-2007 and BE 2007-2008 has been kept at Rs.6.78 crore and Rs.11.60 crore respectively.

African Development Fund (AFDF) and African Development Bank (AFDB): have been set up with the main objective of furthering the economic and social development of the region by providing financial assistance on soft terms. India has joined both the Fund and the Bank in order to develop closer economic co-operation with the African countries.

In case of AFDB, under the Fifth General Capital Increase (GCL-V) of the capital stock of the African Development Bank, India's subscription comes out to be US \$ 13,51,112 which was to be paid in eight equal installments of US \$ 1,68,889 per year. This first installment was paid in 2000 and the 7th Installment was paid in 2006. The 8th and last Installment would be paid in Sept./Oct. 2007.

In case of African Development Fund, India's contribution to ADF-X is Rs.119,610,833.30 for three consecutive years since 2005 and Rs.1,36,64,519.98 as India's contribution for participation in the proposed Multilateral Debt Relief Initiatives (MDRI) of African Development Fund for the Financial Year 2006-07. The total contribution for financial year 2006-07 of ADF is Rs.119,610,833.30 + Rs.1,36,64,519.98 = Rs.13,32,75,353.28.

Multilateral Investment Guarantee Agency (MIGA): No payment is envisaged in 2006-2007 and BE 2007-2008 for encashment of security created in favour of Multilateral Investment Guarantee Agency (MIGA).

(v) **Other Items:**

The estimates include net effect of transactions under the Family Pension cum Life Assurance Fund for industrial and coal mine workers, Postal Insurance and Life Annuity Fund, Central Government Employees Group Insurance Funds, deposits of Central Public Sector Undertakings, security deposits, court deposits, etc.

11. Market Stabilisation Scheme

Government of India issues market loans (through dated securities) and Treasury bills of different maturities under the Market Stabilisation Scheme (MSS) as well. The receipts under MSS are kept in a sequestered account with RBI. The funds are not available to Government to meet its normal expenditure and are utilised only for repayment of instruments maturing under MSS. The outstanding balances are, however, included in the Public debt-statement.

In BE 2007-08 net accretion of Rs. 10,000 crore is estimated on account of increase in the annual ceiling for MSS for 2007-08 being finalised at Rs. 80,000 crore.