

**MINISTRY OF FINANCE**  
**DEMAND NO. 32**  
**Payments to Financial Institutions**

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

Major Head	Budget 2007-2008			Revised 2007-2008			(In crores of Rupees) Budget 2008-2009		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	...	5223.81	5223.81	...	4620.41	4620.41	...	7263.64	7263.64
Capital	...	40314.19	40314.19	...	37148.59	37148.59	1900.00	909.23	2809.23
<b>Total</b>	...	<b>45538.00</b>	<b>45538.00</b>	...	<b>41769.00</b>	<b>41769.00</b>	<b>1900.00</b>	<b>8172.87</b>	<b>10072.87</b>
<b>Industrial Financial Institutions</b>									
1. Industrial Development Bank of India	2885	...	282.35	282.35	...	260.20	260.20	...	...
2. Redemption of securities issued to SASF	2885	...	500.00	500.00	...	...	...	...	...
Realisation of stressed assets of IDBI	6885	...	-500.00	-500.00	...	...	...	...	...
<i>Net</i>	...	...	...	...	...	...	...	...	...
3. Industrial Finance Corporation of India	2885	...	1300.00	1300.00	...	100.00	100.00	...	433.40
4. ICICI Bank	2885	...	0.01	0.01	...	23.84	23.84	...	...
5. Export-Import Bank of India	4885	...	100.00	100.00	...	100.00	100.00	...	100.00
6. Industrial Investment Bank of India	2885	...	0.01	0.01	...	...	...	...	...
7. India Infrastructure Finance Company Limited (IIFCL)	4885	...	200.00	200.00	...	700.00	700.00	...	200.00
<b>Total-Industrial Financial Institutions</b>	...	...	<b>1882.37</b>	<b>1882.37</b>	...	<b>1184.04</b>	<b>1184.04</b>	...	<b>733.40</b>
<b>Agricultural Financial Institutions</b>									
8. National Bank for Agriculture and Rural Dev.	2416	...	0.91	0.91	...	0.91	0.91	...	0.91
9. Grants through National Bank for Agriculture and Rural Dev. for Strengthening Cooperative Credit Structure	2416	...	1500.00	1500.00	...	2045.37	2045.37	...	3542.00
10. Agricultural Credit Support Scheme	2416	...	...	...	...	37.26	37.26	...	...
11. Interest Subvention for providing short term credit to farmers	2416	...	1676.86	1676.86	...	1700.00	1700.00	...	1600.00
12. Payment to NABARD in settlement of pending claims under IFAD MRC Project	2416	...	...	...	...	0.82	0.82	...	...
13. Revival of long term Cooperative Credit Structure	2416	...	...	...	...	...	...	...	600.00
14. Contribution to Financial Inclusion Fund (FIF)	2416	...	...	...	...	10.00	10.00	...	25.00
15. Contribution to Financial Inclusion Technology Fund (FITF)	2416	...	...	...	...	10.00	10.00	...	25.00
16. Government's Contribution towards Recapitalisation of Regional Rural Banks (RRBs)	4416	...	...	...	...	303.11	303.11	...	594.87
17. Government's Contribution for establishment of Regional Rural Bank in Puducherry	4416	...	...	...	...	0.50	0.50	...	...
<b>Total-Agricultural Financial Institutions</b>	...	...	<b>3177.77</b>	<b>3177.77</b>	...	<b>4107.97</b>	<b>4107.97</b>	...	<b>6387.78</b>
<b>General Financial and Trading Institutions</b>									
18. Acquisition cost of RBI stake in SBI	5465	...	40000.00	40000.00	...	35531.33	35531.33	...	...
19. Subscription to Right issue of equity shares of State Bank of India	5465	...	...	...	...	10000.00	10000.00	...	...
Less - Securities Issued to SBI	8012	...	...	...	...	-10000.00	-10000.00	...	...
<i>Net</i>	...	...	...	...	...	...	...	...	...
20. Acquisition cost of RBI stake in NABARD	5465	...	...	...	...	...	...	1450.00	1450.00
21. Acquisition cost of RBI stake in NHB	5465	...	...	...	...	...	...	450.00	450.00
<b>Total - General Financial and Trading Institutions</b>	...	...	<b>40000.00</b>	<b>40000.00</b>	...	<b>35531.33</b>	<b>35531.33</b>	<b>1900.00</b>	<b>1900.00</b>
<b>International Financial Institutions</b>									
22. International Monetary Fund	5466	...	39.57	39.57	...	...	...	...	...
	6001	...	-39.57	-39.57	...	...	...	...	...
<i>Net</i>	...	...	...	...	...	...	...	...	...
23. Service Charges Payable to I.M.F	2047	...	0.01	0.01	...	...	...	...	0.01
24. International Development Association	5466	...	0.01	0.01	...	...	...	...	...
25. African Development Fund/Bank	5466	...	14.18	14.18	...	13.65	13.65	...	14.36
26. International Fund for Agricultural Development	2416	...	28.01	28.01	...	28.01	28.01	...	0.02
27. Afganistan Reconstruction Trust Fund	3466	...	0.95	0.95	...	0.84	0.84	...	0.84
28. Emergency Assistance for Natural Disasters	3466	...	...	...	...	1.85	1.85	...	1.85
<b>Total-International Financial Institutions</b>	...	...	<b>43.16</b>	<b>43.16</b>	...	<b>44.35</b>	<b>44.35</b>	...	<b>17.08</b>

(In crores of Rupees)										
Major Head	Budget 2007-2008			Revised 2007-2008			Budget 2008-2009			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
29. Interest Subsidy										
29.01 Goan Banks	2885	...	7.75	7.75	...	7.75	7.75	...	7.75	7.75
<b>Other General Economic Services</b>										
30. Compensation for exchange loss										
30.01 National Housing Bank	3475	...	6.93	6.93	...	5.67	5.67	...	36.66	36.66
31. Other Expenditure	3466	...	0.25	0.25	...	0.21	0.21	...	0.20	0.20
<b>Social Security and Welfare</b>										
32. Subsidy to public sector general insurance companies for Community based universal Health Insurance Scheme	2235	...	45.00	45.00	...	20.00	20.00	...	25.00	25.00
33. Interest Subsidy to LIC for Pension Plan for senior citizens	2235	...	249.77	249.77	...	242.68	242.68	...	200.00	200.00
34. Waiver of Interest on overdue loans in debt stressed States of AP, Karnataka, Kerala & Maharashtra	2235	...	...	...	...	...	...	...	640.00	640.00
<b>Total - Social Security and Welfare</b>			<b>294.77</b>	<b>294.77</b>		<b>262.68</b>	<b>262.68</b>		<b>865.00</b>	<b>865.00</b>
<b>Loans for General Finance &amp; Trading Institutions</b>										
35. Government's contributions towards payment of its share of premium for Aam Aadmi Bima Yojana (AABY)	7465	...	...	...	...	1000.00	1000.00	...	...	...
Less-Amount met from Social and Infrastructure Development Fund	7465	...	...	...	...	-1000.00	-1000.00	...	...	...
<i>Net</i>		...	...	...	...	...	...	...	...	...
36. Loan to Life Insurance Corporation of India for creation of a Fund for granting scholarships to the children of the beneficiaries of Aam Aadmi Bima Yojana (AABY)	7465	...	...	...	...	500.00	500.00	...	...	...
<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>45538.00</b>	<b>45538.00</b>		<b>41769.00</b>	<b>41769.00</b>		<b>1900.00</b>	<b>8172.87 10072.87</b>
<b>C. Plan Outlay</b>	Head of Dev.	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
1. Other General Economic Services	13475	...	...	...	...	...	...	1900.00	...	1900.00
<b>Total</b>	<b>13475</b>	...	...	...	...	...	...	<b>1900.00</b>	...	<b>1900.00</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 and 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.

7. **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.

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; 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. 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 Payment of grants to NABARD for providing incentives to States and Cooperative Institutions to adopt reform measures for strengthening cooperative credit structure in the country.

10. **Agricultural Credit Support Scheme** - The provision is for Interest Subsidy on Agricultural Credit. Government has agreed to provide 1.5% interest subsidy to NABARD on an amount of Rs. 2500 crore.

11. 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.

12. The provision is for making full and final payment to NABARD in settlement of their pending claims under International Fund for Agricultural Development (IFAD), Maharashtra Rural Credit Project (MRCP).

13. The provision is for payment of grants to NABARD for providing incentives to States and Cooperative Institutions to adopt reform measures for strengthening Long Term Cooperative Credit Structure in the country.

14. The provision is to support promotional and developmental activities with a view to securing greater financial inclusion, particularly among weaker sections, low-income groups and in backward regions.

15. The provision is to enhance investment in information communication technology aimed at promoting financial inclusion, stimulate the transfer of research and technology in financial inclusion, increase the technological absorption capacity of financial service provider/user and encourage environment of innovation and cooperation among RBI and NABARD.

16. The provision is for recapitalisation of 27 Regional Rural Banks.

17. The provision is Government's share for establishment of a Regional Rural Bank in Puducherry.

18. The provision is for meeting the expenditure for acquiring Reserve Bank of India (RBI) holding in State Bank of India (SBI).

19. The provision is for subscribing to the Rights Issue of equity shares of State Bank of India, by issue of Securities to SBI.

20-21. The provision is for meeting the expenditure for acquiring Reserve Bank of India holding in National Bank for Agriculture and Rural Development and National Housing Bank.

23. 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.

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

25. 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.

26. The provision represents India's contribution to International Fund for Agricultural Development (IFAD).

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

28. The provision is towards India's pledge on account of Emergency Assistance for Natural Disaster subsidy account.

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

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

31. This includes provision for assessment charges payable to International Monetary Fund in regard to administration of SDR Account.

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

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

34. The provision is for payment of Government of India's share on waiver of interest on overdue loans in 31 debt stressed districts in the states of Andhra Pradesh, Karnataka, Kerala and Maharashtra.

35. **Government's contribution towards payment of its share of premium for Aam Aadmi Bima Yojana (AABY)** - The provision is for creation of corpus fund to be operated by LIC of India as Fund Manager for meeting the liability of Central Government towards its share of premium payment for implementation of Aam Aadmi Bima Yojana for rural landless households. The expenditure will be matched by recoveries from the 'Social and Infrastructure Development Fund' placed in the Public Account of India.

36. **Creation of fund for granting Scholarships to the children of the beneficiaries of Aam Aadmi Bima Yojana (AABY)** - The provision is for extending loan to Life Insurance Corporation of India for creation of fund to be operated by LIC of India as Fund Manager, for meeting the expenditure on scholarships to the children of beneficiaries of Aam Aadmi Bima Yojana.

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