

MINISTRY OF FINANCE

DEMAND NO. 33

Payments to Financial Institutions

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

Major Head	Budget 2005-2006			Revised 2005-2006			Budget 2006-2007		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	25.81	3075.66	3101.47	30.50	4081.46	4111.96	36.00	2633.43	2669.43
Capital	...	630.89	630.89	...	195.45	195.45	...	232.79	232.79
Total	25.81	3706.55	3732.36	30.50	4276.91	4307.41	36.00	2866.22	2902.22
Industrial Financial Institutions									
1. Industrial Development Bank of India 2885	...	495.00	495.00	...	815.48	815.48	...	294.80	294.80
2. Redemption of securities issued to SASF2885	1000.00	1000.00	...	1500.00	1500.00
Realisation of stressed assets of IDBI 6885	-1000.00	-1000.00	...	-1500.00	-1500.00
Net
3. Industrial Finance Corporation of India 2885	...	300.00	300.00	...	300.00	300.00	...	225.00	225.00
4. ICICI Bank 2885	...	37.50	37.50	...	37.50	37.50	...	25.00	25.00
5. Export-Import Bank of India 2885	14.53	14.53	...	...	...
4885	...	200.00	200.00	...	100.00	100.00	...	50.00	50.00
Total	...	200.00	200.00	...	114.53	114.53	...	50.00	50.00
6. Industrial Investment Bank of India 2885	119.47	119.47	...	99.32	99.32
4885	...	150.00	150.00	...	...	...	...	...	...
Total	...	150.00	150.00	...	119.47	119.47	...	99.32	99.32
7. Small Industries Development Bank of India 2885	22.00	...	22.00	22.00	...	22.00	20.00	...	20.00
8. India Infrastructure Finance Company Limited (IIFCL) 2885	2.50	2.50	...	...	...
4885	10.00	10.00	...	90.00	90.00
Total	12.50	12.50	...	90.00	90.00
Total-Industrial Financial Institutions	22.00	1182.50	1204.50	22.00	1399.48	1421.48	20.00	784.12	804.12
Agricultural Financial Institutions									
9. National Bank for Agriculture and Rural Dev. 2416	...	5.18	5.18	...	5.13	5.13	...	0.91	0.91
10. Grants through National Bank for Agriculture and Rural Dev. for Strengthening Cooperative Credit Structure 2416	...	600.00	600.00	...	400.00	400.00	...	1500.00	1500.00
11. Grant to NABARD for Water Harvesting Scheme Grants-in-Aid 2416	3.81	...	3.81	8.50	...	8.50	16.00	...	16.00
12. Agricultural Credit Support Scheme 2416	...	1.00	1.00	...	37.50	37.50	...	37.50	37.50
Total-Agricultural Financial Institutions	3.81	606.18	609.99	8.50	442.63	451.13	16.00	1538.41	1554.41
General Financial and Trading Institutions									
13. Assistance to specified undertaking of Unit Trust of India 3465	...	1200.00	1200.00	...	190.00	190.00	...	...	...
14. Grants to Infrastructure Development Finance Company Ltd.[IDFC] 3465	...	5.00	5.00	...	...	...	...	...	...
15. Payment of accrued interest to RBI on subordinated debt of IDFC 3465	21.37	21.37	...	...	...
16. Investment in Life Insurance Corporation of India Ltd. 5465	...	280.00	280.00	...	67.50	67.50	...	80.00	80.00
17. Equity support to Punjab & Sindh Bank for recapitalization 5465	500.00	500.00	...	...	...
Securities issued 8012	-500.00	-500.00	...	...	...
Net
Total - General Financial and Trading Institutions	...	1485.00	1485.00	...	278.87	278.87	...	80.00	80.00
International Financial Institutions									
18. International Monetary Fund 5466	...	357.14	357.14	...	595.02	595.02	...	0.01	0.01
6001	...	-357.14	-357.14	...	-595.02	-595.02	...	-0.01	-0.01
Net
19. Service Charges Payable to I.M.F 2047	...	0.01	0.01	...	...	...	...	0.01	0.01
20. International Bank for Recon. & Development 5466	...	0.01	0.01	...	...	...	...	...	...

		(In crores of Rupees)									
Major Head		Budget 2005-2006			Revised 2005-2006			Budget 2006-2007			
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
21. International Development Association	5466	...	...	...	...	5.14	5.14	...	...	...
22. Asian Development Bank	5466	...	0.01	0.01	...	...	...	...	...	...
23. African Development Fund/Bank	5466	...	0.85	0.85	...	12.81	12.81	...	12.79	12.79	
24. Multilateral Investment Guarantee Agency(MIGA)	5466	...	0.01	0.01	...	...	...	...	...	...
25. International Fund for Agricultural Development	2416	...	23.00	23.00	...	21.81	21.81	...	46.00	46.00	
26. Afganistan Reconstruction Trust Fund	3466	...	0.95	0.95	...	0.90	0.90	...	...	...
27. Contribution to Multi-donor Technical Assistance Sub A/c for Iraq	3466	...	0.69	0.69	...	0.45	0.45	...	0.45	0.45	
Total-International Financial Institutions		...	25.53	25.53	...	41.11	41.11	...	59.25	59.25	
28. Interest Subsidy											
28.01 Goan Banks	2885	...	0.08	0.08	...	...	...	...	...	...
Shipping											
29. Subsidy towards interest differential on acquisition of ships	3052	...	0.01	0.01	...	...	...	...	...	...
Other General Economic Services											
30. Compensation for exchange loss											
30.01 Industrial Development											
Bank of India	3475	...	5.00	5.00	...	...	...	...	...	...
30.02 ICICI Bank	3475	...	0.01	0.01	...	35.64	35.64	...	...	...
30.03 National Housing Bank	3475	...	7.70	7.70	...	6.93	6.93	...	7.13	7.13	
<i>Total</i>		...	<i>12.71</i>	<i>12.71</i>	...	<i>42.57</i>	<i>42.57</i>	...	<i>7.13</i>	<i>7.13</i>	
31. Contribution towards Exchange Loss on India Millennium Deposits	3475	...	1.00	1.00	...	...	...	...	...	...
	6001	...	-1.00	-1.00	...	...	...	...	...	...
<i>Net</i>		...	...	...	...	...	...	...	...	...
32. Other Expenditure	3466	...	0.33	0.33	...	0.32	0.32	...	0.31	0.31	
	4885	...	0.01	0.01	...	...	...	...	...	...
<i>Total</i>		...	<i>0.34</i>	<i>0.34</i>	...	<i>0.32</i>	<i>0.32</i>	...	<i>0.31</i>	<i>0.31</i>	
Social Security and Welfare											
33. Subsidy to public sector general insurance companies for Community based universal Health Insurance Scheme	2235	...	0.01	0.01	...	2.34	2.34	...	3.00	3.00	
34. Interest Subsidy to LIC for Pension Plan for senior citizens	2235	...	269.19	269.19	...	244.59	244.59	...	269.00	269.00	
35. Interest Subsidy to Farmers	2235	...	...	...	...	1700.00	1700.00	...	...	...
Miscellaneous General Services											
36. Transfer to Guarantee Redemption Fund	2075	...	125.00	125.00	...	125.00	125.00	...	125.00	125.00	
Grand Total			25.81	3706.55	3732.36	30.50	4276.91	4307.41	36.00	2866.22	2902.22
C. Plan Outlay											
	Head of Dev.	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total	
1. Industrial Financial Institutions	12885	22.00	...	22.00	22.00	...	22.00	20.00	...	20.00	
2. Agricultural Financial Institutions	12416	3.81	...	3.81	8.50	...	8.50	16.00	...	16.00	
Total		25.81	...	25.81	30.50	...	30.50	36.00	...	36.00	

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. The Budgetary support is provided for USAID Green House Pollution Prevention(GEP) Project, ADB Line of Credit & 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 2004-05. 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. 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 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. 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 unauthorized 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. 90 crore in BE 2006-2007 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; 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.

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. **Assistance to Unit Trust of India Securities issued (UTI)** - This represents provision for assistance to Specified Undertaking of the Unit Trust of India (SUUTI) to meet the shortfall in the Assured Return Schemes (ARS) maturing in 2005-06.

14. **Grants to Infrastructure Dev. Fin. Co. Ltd. (IDFC)** - The assistance of Government India is for obligatory transfer of foreign aid from multilateral and bilateral agencies.

15. Payment of accrued interest to RBI on subordinated debt of IDFC which has been transferred to Central Government.

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

17. **Equity support to Punjab & Sind Bank for recapitalization** - The provision is for providing equity support to Punjab and Sind Bank for recapitalisation. The amount has been simultaneously reinvested by the Bank in 7% Nationalised Banks Special Securities, 2017.

18. The provision is for subscription to IMF.

19. 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 in RE is for investment in International Development Association.

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

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

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

30. 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.

32. 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.

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

34. 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.

35. The provision in RE 2005-06 is for interest subsidy to farmers.

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