PART B
CAPITAL RECEIPTS

ESTIMATES OF CAPITAL RECEIPTS

The Statement below summarises by broad categories the estimates of capital receipts. Further details together with brief notes explaining the variations between the Budget estimates and the Revised estimates for 1996-97 and between the latter and Budget estimates for 1997-98 are given in the notes that follow this statement. The borrowings and other debt included in the statement are net of repayments.

(in crores of Rupees)

		Budget 1996-97	Revised 1996-97	Budget 1997-98
1.	Market Loans	3700.00	4024.52	34425.00
2.	Other long & medium term borrowings	21798.00	15965.22	
3.	Short term Borrowings		5508.26	
4.	External Assistance (Net)	2461.14	2588.97	2434.90
5.	Recoveries of loans & advances	7048.30	7809.00	8779.00
6.	Disinvestment of equity holdings in Public sector enterprises	5000.00	500.00	4800.00
7.	Issue of bonus shares	0.70	75.10	...
8.	Small Savings , Public Provident Fund and Deposit Scheme for Retiring Employees (Net)	14000.00	15000.00	14000.00
9.	State Provident Funds (Net)	2250.00	2450.00	2550.00
10.	Special Deposits of Non-Government PF, LIC, etc. (Net)	9547.84	8803.66	10005.65
11.	Other Receipts (Net)	1931.02	1890.27	2643.45
	Total Capital Receipts *	**67737.00**	**64615.00**	**79638.00**

**Annexure 12 gives a reconciliation of the above estimates with the Receipt estimates shown in the Annual Financial Statement.*

1. Market Loans:

1996-97

In the Budget Estimate of 1996-97 the total receipt from market borrowings by the Central Government, net of repayments, was assumed at Rs. 3700 crore. RE 1996-97 has been kept at Rs. 4024.52 crore.

In 1992-93 Government of India introduced a scheme of sale of dated Government securities by auction, which is conducted by the Reserve Bank of India at Bombay. This marked a departure from the practice followed earlier in raising market loans by issuing loans at specific interest rates.

In the three auctions held during the year a total sum of Rs. 5000.00 crore was raised as per details given below:

(in crores of Rupees)

Instalment and date of issue	Loans raised	Amounts subscribed
First (25-5-96)	13.75% Government Stock, 2001	2000.00
Second(7-6-96)	13.70% Government Stock, 1999	2000.00
Third(21-02-97)	13.65 % Government Stock, 2007	1000.00
	Total	**5000.00**
	Less Repayments	*975.48*
	Net	***4024.52***

Budget Estimates 1997-98

The following loans with outstanding balances indicated against each are due for discharge in 1997-98:

	in crores of Rupees)
7.25% Loan, 1997	120.13
10.50% Loan, 1997	512.40
12% Government Stock, 1997	1000.00
6.50% Loan, 1997	151.02
13.25% Government Stock, 1997	803.08
13.50% Government Stock, 1997	7000.00
6.25% Loan, 1997	214.81
11% Government Stock, 1997	101.25
13.50% Government Stock, 1998	1000.00
Total	10902.69

2. Other Long & Medium term borrowings: These comprise conversion of 364-day Treasury Bills and 91-day Treasury Bills sold on auction basis, Zero Coupon bonds, Stock for which payment is made in instalments, Floating Rate Bonds, etc. Zero Coupon Bonds do not carry any interest, but are sold at a discount.

The details of the loans raised in the current year under this category are as under:

		(Rs. crore)
1.	Govt. of India Zero Coupon Bonds, 2000 (Third Series-First and Second Issue)	5000.00
2.	13.50% Govt. (Conversion) Stock, 1998	2911.05
3.	13.85% Govt. Stock, 2006 (for which payment is made in instalments)	5000.00
4.	13.62% Govt. Stock, 1998	2000.00
5.	13.85% Govt. Stock, 2006	2000.00
6.	13.82% Govt. Stock, 2002	2000.00
7.	13.55% Govt. Stock, 2001	2000.00
8.	13.40% Govt. Stock, 1999	2000.00
	Total	**22911.05**
	Less: Repayments	*6945.83*
	Net	*15965.22*

3. Short term borrowings:—

364 day treasury bills offer short-term investment opportunity to financial institutions (like banks, etc.) and other parties.These treasury bills were introduced in 1992-93 to enable development of a market for Government securities. These bills are not rediscountable with the Reserve Bank of India. These bills are periodically offered for sale on auction basis, by the Reserve Bank of India at Bombay. The gross borrowings upto 14.2.97 was Rs. 7647 crore.

Market Borrowings from 1997-98: Upto the current financial year 1996-97, the temporary mismatches between receipts and expenditures of the Government were being met mainlly through issue of 91 day ad-hoc Treasury Bills to the RBI. The year-end net issue of 91 day Treasury Bills, including ad-hocs, and draw down of cash balance constituted the budgetary deficit for the relevant financial year and was also a source of financing the fiscal deficit. In order to strengthen fiscal discipline and to provide greater flexibility to BRI in against which the Revised Estimate is placed at Rs. 6968.90 crore. The repayments in 1997-98 are estimated at Rs. 7464.45 crore.

The net receipts from external assistance are thus placed at Rs. 2588.97 crore in the Revised Estimate 1996-97. Net receipts in B.E. 1997-98 are placed at Rs.2434.90 crore.

A summary of estimates of receipts of external assistance and repayment of the principal in 1996-97 and in 1997-98 is given below:—

(in crores of Rupees)

	Budget 1996-97	Revised 1996-97	Budget 1997-98
A. Receipts			
(i) External loans	*9682.61*	*9339.74*	*9845.85*
(ii) Receipts under Revolving fund	*225.10*	*218.13*	*53.50*
Total Receipts :	**9907.71**	**9557.87**	**9899.35**
B. Repayments	**(-) 7446.57**	**(-) 6968.90**	**(-) 7464.45**
Net receipts :	**2461.14**	**2588.97**	**2434.90**

Further details are given in Annexure 8 to this document.

5. Recoveries of Loans and Advances

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

Recoveries from:			
(i) State Governments	5333.82	5623.86	6642.48
(ii) Union Territories (with Legislature)	26.47	26.53	31.68
(iii) Others	1688.01	2158.61	2104.84
TOTAL- Recoveries of Loans and Advances	**7048.30**	**7809.00**	**8779.00**
(a) The recoveries from State Governments exclude Short-term ways and means advances	1000.00	1000.00	1000.00
(b) The recoveries from non-Government parties exclude recoveries from Government servants, etc. which are netted in the Expenditure Budget	135.50	135.50	137.65
(i) Details of Recoveries from State Governments:–			
(a) Pre-1979 Consolidated loans	247.17	247.17	247.17
(b) 1979-84 Consolidated Loans	356.01	356.01	356.01
(c) 1984-89 Consolidated Loans (for State Plan Schemes)	916.25	916.28	916.28
(d) 1984-89 Consolidated Loans (advanced to Ex-U.Ts of Goa, Mizoram and Arunachal Pradesh)	16.15	16.15	16.15
(e) Loans for Plan and Non-Plan purposes advanced during 1984-85 to 1996-97	1728.51	2046.94	2930.56
(f) Loans against Small Savings collections	1738.11	1738.69	1962.40
(g) Write-off of loans	330.00	301.00	212.29
(h) Other Loans	1.62	1.62	1.62
Total	**5333.82**	**5623.86**	**6642.48**

(i) (a) & (b): In pursuance of the recommendations of the Eighth Finance Commission, as accepted by the Government, the Central loans advanced to the State Governments upto 1983-84, and outstanding as at the end of 1984-85, have been consolidated. For purposes of consolidation, the Finance Commission had treated loans advanced up to 1978-79 and those advanced during 1979-84 differently. While no change has been recommended in the terms of pre-1979 loans in the case of some States, these loans have been recommended to be consolidated into either 25 year loans or 30 year loans in the case of others. As regards loans advanced during 1979-84, these have been consolidated in the case of all the States with periods ranging from 15 years to 30 years. The Ninth Finance Commission in their First Report for 1989-90 and Second Report for 1990-95 and the Tenth Finance Commission have not recommended any change in respect of these consolidated loans.

(c) In pursuance of the recommendations of the Ninth Finance Commission contained in its second Report for the period 1990-95, as accepted by the Government, the State Plan loans advanced to State Governments during 1984-89 and outstanding as at the end of 1989-90 have been consolidated into 15 year loans. The Tenth Finance Commission in their report for 1995-2000 have not recommended any change in respect of these consolidated loans.

(d) In pursuance of the recommendations of the Ninth Finance Commission contained in the Second Report for the period 1990-95, as accepted by the Government, the remaining outstanding balance as on 31.3.1990, after write-off of the excess of central loans received by the Government of Goa and Mizoram for plans upto 1986-87 as Union Territories, have been consolidated into 15 year Loans.

(e) These estimates related to loans sanctioned from 1984-85 other than loans for State Plan Schemes for the period 1984-85 to 1989-90 which were consolidated (vide (c) above). While the original Budget Estimates and the Revised Estimates 1996-97 relate to recoveries in respect of loans advanced for Plan and Non-Plan purposes during 1984-85 to 1995-96, Budget 1997-98 is based on loans advanced during those years and also loans advanced during 1996-97.

The maturity period of the loans sanctioned for State Plans from 1990-91 onwards will be 20 years, repayment being made in 20 equal annual instalments. However, fifty percent of these loans will enjoy a five year initial grace period, after which the repayments of these loans will be effected in 15 equal annual instalments. The Tenth Finance Commission in their report for 1995-2000 have not recommended any change in respect of these loans.

(f) Small Savings loans are also among those loans not covered by the scheme of consolidation of the Eighth Finance Commission. The recovery of these loans suspended earlier has been resumed from 1985-86. The Ninth and Tenth Finance Commission have not suggested any change in the existing terms and conditions relating to central loans against the small savings collections.

These loans carry moratorium of 5 years towards repayment of principal, and the period of repayment is 25 years including moratorium period. The increase in next year is due to commencement of the repayment instalment of loans advanced in 1990-91.

(g) The Tenth Finance Commission in its Report for 1995-2000 has recommended debt relief as under :-

A. Specific relief for States with high fiscal stress (i.e. 10 special category States and Bihar, Orissa and Uttar Pradesh) and States whose debt problems need special attention (Punjab); and

B. General Relief:

The Tenth Finance Commission has proposed the following two new debt Relief Schemes applicable to all the States.

- In the first scheme, the admissible debt relief to a State for each of the next five years is linked with the fiscal performance of the State during the preceding three years. The improvement of fiscal performance is to be measured by comparing the ratio of revenue receipts (including devolution and grants from the Centre) to total revenue expenditure in a given year, with the average of the same measure in the three immediately preceding years.
- In the second scheme, the Commission has recommended that the Central Government should additionally write off debt equivalent to the debt retired by the States by utilising the proceeds of disinvestment of State Public Enterprises.

Details of Specific Relief:

- The Tenth Finance Commission has recommended specific debt relief to Punjab which works out to Rs.490.63 crore for 1995-2000. This amount represents 1/3rd of the repayment of the principal falling due during 1995-2000 on special loans given to the State of Punjab for combating militancy.

- The Commission has recommended that 5% of all repayments due during the period 1995-2000 in respect of fresh central loans given to 10 Special category States - Arunachal Pradesh, Assam, Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura and States of Bihar, Orissa and Uttar Pradesh during 1989-95 may be written off.
- The relief specified in sub-para (b) above would also be extended to the erstwhile Union Territories of Arunachal Pradesh, Mizoram and Goa in respect of the loans consolidated under the accepted recommendations of the 10th Finance Commission as above.
- The repayment due in respect of loan for purchase of helicopters by Arunachal Pradesh under special arrangement will be written off in 1996-97. (Rs. 100 crore).
- R.E. 1996-97 includes specific relief to special category States, Bihar, Orrisa and Uttar Pradesh (Rs. 36.96 crore) and special relief to Punjab (Rs. 88.07 crore) and general relief (Rs. 65.58 crore) and disinvestment by States (Rs. 10.39 crore).
- B.E. 1997-98 includes specific relief to special category States, Bihar, Orrisa and Uttar Pradesh (Rs. 44.22 crore), Punjab (Rs. 88.07 crore), general debt relief (Rs. 80 crore).

(h) The recovery relates to Hirakud Stage-I loans advanced to Government of Orissa which are not covered by the scheme of consolidation.

The Revised Estimates for 1996-97 and Budget Estimates for 1997-98 take into account the effect of recommendations of the Tenth Finance Commission, regarding debt relief to States as accepted by the Government.

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

(iii) Repayments by Others: 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. are estimated at Rs.2158.61 crore in RE 1996-97. During 1997-98, repayment estimates are placed at Rs.2104.84 crore. The broad details are:—

(in crores of Rupees)

	Budget	Revised	Budget
1996-97	1996-97	1997-98	
(a)Foreign Governments	21.17	27.26	33.91
(b)Public Sector enterprises, statutory bodies, etc.	1666.84	2131.35	2070.93
Total	**1688.01**	**2158.61**	**2104. 84**

6. **Disinvestment of equity holdings in public sector enterprises.**

The receipts are on account of partial disinvestment of Central Government's holdings in the equity capital of selected public sector enterprises.

7. **Issue of bonus shares**.

The revised estimate 1996-97 includes bonus shares issued by Pubic Sector Enterprises under the Ministry of Petroleum & Natural Gas.

8. Small Savings, Public Provident Fund and Deposit Schemes for Retiring Government Employees/Employees of Public Sector Companies.

The estimates, net of repayments, are as follows:

(in crores of Rupees)

	Budget 1996-97	Revised 1996-97	Budget 1997-98
(i) Small Savings	12354.00	12270.00	10950.00
(ii) Public Provident Fund	1600.00	2700.00	3000.00
(iii) Deposit Scheme for Retiring Government Employees/Employees of Public Sector Companies	46.00	30.00	50.00
Total	**14000.00**	**15000.00**	**14000.00**
States'/UTs with legislatures Share	*11000.00*	*10680.00*	*11300.00*
Net to Centre	***3000.00***	***4320.00***	***2700.00***

(i) **Small Savings**: Small Savings comprise Post Office Savings Accounts, Post Office Time Deposits, Post Office Recurring Deposits, National Savings Scheme, Post Office Monthly Income Scheme and National Savings Certificate, Indira Vikas Patra and Kisan Vikas Patra.

(ii) **Public Provident Fund**: Deposits under the Public Provident Fund Scheme framed under the Public Provident Fund Act, 1968 qualify for tax rebate under the Income-tax Act. A subscriber can make deposits upto Rs.60,000 in a year, while the minimum necessary deposit in a year is Rs.100. These deposits carry a tax-free interest at 12 per cent per annum. Under the Scheme accounts can be opened in the name of individual and on behalf of HUF. Nomination facility has been extended to an account opened on behalf of HUF.

(iii) **Deposit Scheme for Retiring Government Employees**: This scheme was introduced from Ist July, 1989. The retired/retiring Central and State Government employees can invest their retirement benefits under the scheme which is being operated through selected branches of State Bank of India and nationalised banks. The scheme was extended to the retired Judges of the Supreme Court and High Courts from 11.11.1993. The investments under this scheme earn interest at the rate of 10% per annum payable half-yearly. The value of deposits is exempt from Wealth tax and the interest income is exempt from Income-tax. The investors have the option to withdraw the deposit after 3 years from the date of deposit.

(iv) **Deposit Scheme for Retiring Employees of Public Sector Companies** : The scheme which was introduced from 1st January, 1991 is on the lines of Deposit Scheme for Retiring Government Employees. The scheme is open to investment by retired/retiring employees of public sector banks, LIC, GIC and other public sector companies. The investments under this scheme earn interest at the rate of 10% per annum payable half-yearly.

(v) **Share of States/UTs with legislature**: Long term loans are advanced to the State Governments to the extent of three-fourth of the net collections under Small Savings and the Public Provident Fund in each State. Further, with a view to encourage stable long term savings, additional loan is advanced to a State Government if the percentage of net Small Savings collections in the State exceeds the all India percentage in this behalf by more than 5 per cent. Additional loan is given to the extent of 2.5 per cent of the net collections in the State for every 5 per cent increase in the State's percentage over the all India percentage.

State Governments are also entitled to long term loans to the extent of 50 per cent of the net collections under the Deposit schemes for Retiring Government Employees/Retiring employees of Public Sector Companies in each State.

Loans are sanctioned to UTs with legislature, viz Delhi and Pondicherry, as in the case of the States, against the net small savings collections from 1.1.1994.

9. **State Provident Funds**: The transactions under this head relate to various Provident Funds of Government employees. Credit assumed is net of the deposits into the funds including interest and withdrawals / temporary advances therefrom. Effective from 1.4.1986, the deposits carry interest at 12 per cent per annum. Net accretions to the Funds were assumed at Rs. 2250 crore in Budget 1996-97 against which the R.E. is placed at Rs. 2450 crore. Budget 1997-98 assumes a net accretion of Rs. 2550 crore.

10**. Special Deposit Schemes**: Investments with Government of a part of net accretions by non-Government provident funds, superannuation and gratuity funds and of surplus funds of Life Insurance Corporation, Employees' State Insurance Corporation, etc. are estimated at Rs.8803.66 crore in Revised Estimate 1996-97. Budget Estimate 1997-98 assumes a net accretion of Rs.10005.65 crore.

11. **Other Receipts**: These show the net effect of transactions occurring under other funds and accounts, deposits, etc. heads. Some of the items included here are:

(i) ***Relief Bonds*** : 10% Relief Bonds, 1993 was introduced from 15th March, 1993 which replaced the 9% Relief Bonds, 1987. With the general reduction of interest rates the issue of 10% Relief Bonds was suspended and a new series of 9% Relief Bonds, 1993 was introduced with effect from 2.9.1993. However, keeping in view the general rise of interest rates in 1995-96, a new series of 10% Relief Bonds, 1995 was introduced with effect from 4.10.1995. It is open to investment without limit by individuals and Hindu Undivided Family. Joint holding of the Bonds by individuals is permissible. The bonds carry tax-free interest and have a maturity period of 5 years. Budget Estimate 1996-97 assumed sale of the bonds, net of repayments at Rs. 500 crore. Against it, Revised Estimate 1996-97 is kept at Rs. 527 crore. Budget Estimate 1997-98 assumes a net receipt of Rs. 550 crore.

(ii) ***Special Bearer Bonds, 1991***

The Special Bearer Bonds, 1991 were on sale in two phases, namely from 2nd February, 1981 to 30th April, 1981 and from 1st December, 1981 to 9th January, 1982. The Bonds issued were of the denomination of Rs. 10,000 and the holders are entitled to receive Rs. 12,000 for every bond on maturity, the difference of Rs. 2,000 being treated as interest. The Bonds which are repayable after 10 years from the date of issue have already matured for redemption and the repayments are in progress.

The total realisation from sale of the Bonds amounted to Rs. 964.26 crore. R.E. 1996-97 provides Rs.2 crore towards repayment of the principal and Rs.0.40 crore for interest. BE 1997-98 provides Rs.15 crore towards the repayment of the balance amount and Rs.3 crore for interest.

(iii) ***7% Capital Investment Bond***

The 7% Capital Investment Bond, with a maturity period of 10 years were put on sale from 20th June, 1982 to mobilise private savings for public use. The sale of the Bonds was discontinued in 1988. The Bonds have fallen due for repayment from 20th June, 1992. Budget Estimate and Revised Estimate 1996-97 provide for repayment of the bonds for a total value of Rs. 6 crore and Rs. 5 crore respectively and Budget Estimate 1997-98 provides for repayment of Rs.5 crore.

(iv) ***Gold Bonds, 1998***: The total gold received during the period 15.03.1993 to 14.06.1993 when the Gold Bond Scheme, 1993 was open for subscription amounted to 41.12. MTs. After assaying, Gold Bonds for a total of 40.21 MTs of 0.995 fineness were issued to the subscribers. The assayed gold was sold to RBI and Government received a total sum of Rs. 1534.40 crore.

The Gold Bonds, 1998 which are to be repaid in the form of gold are due for redemption during the period 15-03-1998 to 14-06-1998. During the year 1997-98, gold subscribed during the period 15-03-1993 to 31-03-1993 weighing 1.27 MT will mature for repayment. For this purpose, a budget provision of Rs. 48.46 crore has been made in BE 1997-98.

(iv) Railway Reserve Funds:

(in crores of Rupees)

	Budget 1996-97	Revised 1996-97	Budget 1997-98
Railway Pension Fund			
Cr.	3265.53	2792.74	2296.16
Dr.	2350.00	2485.00	2500.00
Net	+915.53	(+) 307.74	(-) 203.84
Railway Depreciation Reserve Fund			
Cr	2138.28	2255.66	2150.51
Dr.	2000.00	2115.00	2000.00
Net	+138.28	(+) 140.66	(+) 150.51
Railway Development Fund			
Cr	350.02	350.02	350.02
Dr.	350.00	350.00	350.00
Net	+0.02	(+) 0.02	(+) 0.02
Railway Capital Fund			
Cr.	1620.95	1969.69	1108.20
Dr.	1716.00	1891.00	1024.00
Net	*-95.05*	*(+) 78.69*	*(+) 84.20*
TOTAL	**(+)958.78**	**(+) 527.11**	**(+) 30.89**

(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 1996-97 is estimated at Rs. 2792.74 crore, including Rs. 62.53 crore by way of interest payable by the General Revenues on the balance in the Fund, while withdrawals are estimated at Rs.2485 crore. During 1997-98 credit is estimated at Rs. 2296.16 crore, including Rs.66.04 crore on account of interest. Withdrawals are estimated at Rs. 2500 crore.

(b) *Railway Depreciation Reserve Fund*: provides for replacement, renewal of assets including the improvement element. Contribution to the Fund inclusive of interest payable by General Revenues and outgo are estimated at Rs. 2255.66 crore and Rs. 2115 crore respectively in 1996-97. Similar estimates for 1997-98 are placed at Rs. 2150.51 crore and Rs. 2000 crore respectively.

(c) *Railway Development Fund*: was set up in 1950 on the recommendation of the Railway Convention Committee, 1949, to meet the cost of all works for providing amenities to passengers and other railway users, the cost of labour welfare works and the entire expenditure on unremunerative improvement works costing more than a prescribed limit. Consequent upon closure of Accident Compensation and Passenger Amenities Fund from 1.4.93, Safety and Passengers Amenities works chargeable to ACSPF are also charged to Railway Development Fund. 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 of 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 1996-97 the credits to the Railway Development Fund are estimated at Rs. 350.02 crore, Rs. 350 crore out of anticipated excess in 1996-97 and Rs. 0.02 crore being interest payable by the General Revenues on the balance in the Fund. Withdrawals from the Fund during 1996-97 are estimated at Rs. 350 crore. Credits to the Fund during 1997-98 are placed at Rs. 350.02 crore, Rs. 350 crore out of anticipated excess in 1997-98 and Rs. 0.02 crore being the interest payable on the balance in the Fund. The withdrawals during 1997-98 are estimated at Rs. 350 crore comprising 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. The credits to the Fund during 1996-97 are estimated at Rs. 1969.69 crore and the withdrawals during the year are estimated at Rs. 1891 crore. The credits to the Fund in 1997-98 are estimated at Rs. 1108.20 crore and the withdrawals are estimated at Rs. 1024 crore.

(v) ***Telecommunications Reserve Funds***

(in crores of Rupees)

	Budget 1996-97	Revised 1996-97	Budget 1997-98
Telecom Revenue Reserve Fund			
Credits	*75.38*	*84.95*	*112.08*
Debits	*75.00*	*77.94*	*104.29*
Net	0.38	7.01	7.79
Capital Reserve Fund			
Credits	*4887.94*	*5019.38*	*6173.71*
Debits	*4541.00*	*4645.00*	*6127.00*
Net	346.94	374.38	46.71
Total	**347.32**	**381.39**	**54.50**

(a) *Telecom Revenue Reserve Fund*: A part of the surplus in the working results of the Department is transferred to this Fund which is drawn upon for meeting payment of dividend to General Revenues in case the Department is not in a position to pay the same from current revenues. The Fund is also drawn upon to meet the deficit, if any, in the working results of the Department. Effective from 1.4.1990, the grant assistance provided to Centre for Development of Telematics (C-DOT) is also met from this Fund. Apart from this, a sum of Rs.2.94 crore is being withdrawn during 1996-97 and Rs. 4.29 crore during 1997-98 for paying compensation to M/s I.T.I. on account of the losses incurred by them at their Srinagar plant.

The credits to the Fund in 1996-97 are estimated at Rs.84.95 crore including Rs.7.01 crore as interest from General Revenues. During 1997-98, credits to the Fund are estimated at Rs.112.08 crore including Rs.7.79 crore as interest.

Withdrawals from the Fund in1997-98 are estimated at Rs. 104.29 crore and are intended for providing grant assistance to C-DOT (Rs. 100.00 crore) and for paying compensation to M/s.ITI on account of the losses incurred by them at their Srinagar Plant (Rs. 4.29 crore).

(b) *Telecom. Capital Reserve Fund*: The Fund is fed by transfer of a substantial part of the current surplus of the Department of Telecommunications, for meeting the Plan expenditure of the Department on Capital account.

Credits to the Fund in 1996-97 are estimated at Rs.5019.38 crore, including interest of Rs.24.38 crore from General Revenues. Withdrawals from the Fund in 1996-97 are estimated at Rs.4645 crore. Credits to the Fund in 1997-98 are estimated at Rs.6173.71 crore including interest of Rs.46.71 crore from General Revenues. Withdrawals from the Fund in 1997-98 estimated at Rs.6127 crore are intended to meet the capital outlay of DOT.

(vi) ***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 :

(In crores of Rupees)

	Budget 1996-97			Revised 1996-97			Budget 1997-98		
	Receipts	Discharges	Net	Receipts	Discharges	Net	Receipts	Discharges	Net
1.International MonetaryFund	487.76	3527.08	-3039.32	299.89	3391.00	-3091.11	594.31	1725.27	-1130.96
2.International Bank for Reconstruction and Development	20.00	50. 00	-30.00	20.00	24.33	-4.33	31.47	50.00	-18.53
3.International Development Association	3.80	0.01	3.79	3.80	0.01	3.79	2.33	0.01	2.32
4.International Fund for Agricultural Development	8.53	3.50	5.03	8.53	9.64	-1.11	10.50	4.80	5.70
5.Asian Development Bank	20.00	3.00	17.00	5.00	3.00	2.00	5.00	3.00	2.00
6.African Development Fund and African Development Bank	12.36	9.31	3.05	7.05	6.35	0.70	7.05	3.59	3.46
Total	**552.45**	**3592.90**	**-3040.45**	**344.27**	**3434.33**	**-3090.06**	**650.66**	**1786.67**	**-1136.01**
S.D.Rs	***3802.30***	***3950.00***	***-147.70***	***3824.53***	***3436.48***	***388.05***	***2543.60***	***2452.73***	***90.87***

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. As a result of revaluation of Fund's holdings of Indian currency as on April 30, 1996 (on the basis of the representative rate of Re. 1 = SDR 0.0199777 effective April 30, 1996) an amount of Rs. 299.89 crore has been paid by India to the Fund with a corresponding credit to Securities Account by crediting non-negotiable, non-interest bearing rupee securities in favour of the IMF. Hence, as against BE 1996-97 of Rs. 487.76 crore, the RE 1996-97 for subscription to the IMF is Rs. 299.89 crore. Estimates for B.E. 1997-98 on this account are placed at Rs. 594.31 crore.

On account of repurchase transactions during 1996-97 and 1997-98 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. A provision of Rs. 3391.00 crore in RE 1996-97 and Rs. 1725.27 crore in BE 1997-98 has been made for encashment of the 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 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.

The Fund 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.

During 1996-97 India has to repurchase an amount of Rs.3392.31 crore by using SDRs on account of the drawing of SDR 3559.9 million made upto 30.6.1993 under the Compensatory and Contingency Financing Facility and Stand by Arrangements. Budget for 1997-98 assumes use of SDRs for an amount Rs.2248.75 crore for this purpose.

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 for 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.4124.422 crore in the Revised Estimate 1996-97 of which Rs. 3824.528 crore would be contra credited to SDR A/c. The total debits to the head Special Drawing Rights amounted to Rs. 3436.482 crore in the Revised Estimates 1996-97 which would be contra-credited to the SDR Account. During 1997-98, a debit of Rs. 2452.730 crore would be contra-credited.

International Bank for Reconstruction and Development (IBRD) : A provision of Rs. 20.00 crore was made in BE 1996-97 on account of Maintenance of Value Payments (MOV) to IBRD in the form of non-negotiable and non-interest bearing rupee securities and the RE 1996-97 has been retained at the same level.. A provision of Rs. 31.47 crore has been made in BE 1997-98.

Budget Estimate 1996-97 included a provision of Rs. 50 crore towards encashment of securities by IBRD. This has been reduced to Rs. 24.33 crore in RE as we had made a payment of Rs. 24.33 crore to IBRD by encashing securities in July, 1996. BE 1997-98 has been kept at Rs. 50 crore.

International Development Association (IDA): A provision of Rs. 3.80 crore was made BE 1996-97 for IDA-11 subscription as India is required to make this payment on call and there is no change in RE. For BE 1997-98, a provision of Rs. 2.33 crore has been made.

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. Since inception India has contributed $ 26 million towards the resources of IFAD till 1992-93. In addition, for the 4th Replemishment of IFAD's resources, India has announced a contribution of US $ 9 million. The latest contribution of $ 9 million will be paid to the IFAD in three equal instalments ($ 3 mn) in the form of non-negotiable, non-interest bearing rupee securities. Encashment of securities by IFAD in RE 1996-97 is estimated at Rs. 9.64 crore. B.E. 1997-98 assumes encashment of securities at Rs. 4.80 crore.

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. 3 crore for such encashment has been made in the RE 1996-97. BE 1997-98 assumes a similar provision.

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.

As a member of AFDF and AFDB India has to pay its share of commitments to the capital replenishments of these organisations. Accordingly, a sum of Rs. 21.17 crore has to be paid in three instalments during the period of 1996-98 in the form of non-negotiable, non-interest bearing rupee securities to the African Development Fund as its share towards Seventh Replenishment of AFDF. The first instalment of it is falling due in the financial year 1996-97 and the second instalment will be paid in 1997-98. On the basis of AFDF's encashment schedule, encashment of securities in estimated to be Rs. 6.35 crore during 1996-97 (RE 1996-97). Encashment of Securities during 1997-98 is estimated to be Rs. 3.59 crore.

(ix) Other Items:

The estimates include, besides accretions under the Family Pension cum Life Assurance Fund for industrial and coal mine workers, Postal Insurance and Life Annuity Fund and Central Government Employees Group Insurance Funds, etc.