

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 2000-2001 and between the latter and Budget estimates for 2001-2002 are given in the notes that follow this statement. The borrowings and other debt included in the statement are net of repayments.

(in crore of Rupees)

| | Budget 2000-2001 | Revised 2000-2001 | Budget 2001-2002 |
|---|---------------------|----------------------|-----------------------|
| 1. Market Loans | 76382.90 | 75947.37 | 72852.53 [#] |
| 2. Short term borrowings | ... | 2000.00 | 4500.00 |
| 3. External Assistance (Net) | (-) 44.14 | 574.38 | 1864.85 |
| 4. Recoveries of loans & advances | 13539.00 | 14885.00 | 15163.68 |
| 5. Disinvestment of equity holdings in Public sector enterprises and Departmental Commercial Undertakings, etc. | 10000.00 | 2500.00 | 12000.00 |
| 6. Securities issued against Small Savings | 8000.00 | 7949.82 | 9000.00 |
| 7. State Provident Funds (Net) | 7500.00 | 8500.00 | 9500.00 |
| 8. Special Deposits of Non-Government PF, LIC, etc. (Net) | 9722.18 | 9215.27 | 10252.57 |
| 9. Other Receipts (Net) | 9714.08 | 5179.09 | 8344.17 |
| Total Capital Receipts * | 134814.02 | 126750.93 | 143477.80 |

Budget Estimates 2001-2002 take into account the net effect of Budget proposals on the government's revenues.

* Annexure 9 gives a reconciliation of the above estimates with the Receipt estimates shown in the Annual Financial Statement.

1. MARKET LOANS:

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 Mumbai. This marked a departure from the practice followed earlier in raising market loans by issuing loans at specific interest rates. Apart from open market borrowing raised through auctions, loans are also raised through other instruments like conversion of Treasury Bills into dated securities, Zero coupon Bonds which do not carry any interest but are sold at a discount, Stock for which payment is made in instalments, Floating rate Bonds, Capital Indexed Bonds, etc.

A total sum of Rs. 97183.45 crore on gross basis was raised through various instruments of market borrowing during the financial year 2000-2001 i.e. upto the end of 12th February, 2001.

Budget Estimates 2001-2002

The following loans with outstanding balances indicated against each are due for discharge in 2001-2002:

| | (in crore of Rupees) |
|-------------------------------|----------------------|
| 13.75% Government Stock, 2001 | 2000.00 |
| 12.08% Government Stock, 2001 | 900.00 |
| 5.75% Loan, 2001 | 225.84 |
| 6.50% Loan, 2001 | 93.61 |
| 11.55% Government Stock, 2001 | 5398.72 |
| 7.50% Loan 2001 | 304.28 |
| 10.85% Government Stock, 2001 | 5000.00 |
| 10.75% Loan 2001 | 52.77 |
| 11.75% Government Stock, 2001 | 8078.36 |
| 11% Loan, 2001 | 50.69 |
| 13.31% Government Stock, 2001 | 848.03 |
| 13.55% Government Stock, 2001 | 2000.00 |
| 11.47% Government Stock, 2001 | 1500.00 |
| 5.75% N.D. Loan, 2001 | 47.16 |
| Total | 26,499.46 |

2. SHORT TERM BORROWINGS (182/364 DAY TREASURY BILLS):

These treasury Bills offer short-term investment opportunity to financial institutions (like banks, etc.) and other parties. 364 day treasury bills were introduced in 1992-93 whereas 182 day treasury bills have been reintroduced from the year 1999-2000. These bills were introduced 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 Mumbai. 364 day treasury bills are part of market loans.

3. EXTERNAL ASSISTANCE :

Budget 2000-2001 assumed a gross receipt of Rs. 9129.23 crore from external assistance (excluding external grants). As against this, the Revised Estimate 2000-2001 is placed at Rs.10494.77 crore. Gross receipts for 2001-2002 are estimated at Rs.11463.10 crore.

Budget 2000-2001 provided for repayments of Rs. 9173.37 crore against which the Revised Estimate is placed at Rs. 9920.39 crore. The repayments in 2001-2002 are estimated at Rs. 9598.25 crore.

The net receipts from external assistance is thus placed at Rs. 574.38 crore in the Revised Estimate 2000-2001. Net receipts in B.E. 2001-2002 are placed at Rs.1864.85 crore.

A summary of estimates of receipts of external assistance and repayment of the principal in 2000-2001 and in 2001-2002 is given below:

(in crore of Rupees)

| | Budget 2000-2001 | Revised 2000-2001 | Budget 2001-2002 |
|------------------------------------|---------------------|----------------------|---------------------|
| A. Receipts | | | |
| (i) External loans | 8468.03 | 9911.65 | 10763.35 |
| (ii) Receipts under Revolving fund | 661.20 | 583.12 | 699.75 |
| Total Receipts : | 9129.23 | 10494.77 | 11463.10 |
| B. Repayments | (-) 9173.37 | (-) 9920.39 | (-) 9598.25 |
| Net receipts : | (-) 44.14 | 574.38 | 1864.85 |

Further details are given in Annexure 5 to this document.

4. RECOVERIES OF LOANS AND 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 2000-2001 | Revised 2000-2001 | Budget 2001-2002 |
|--|---------------------|----------------------|---------------------|
| <i>Recoveries from:</i> | | | |
| (i) State Governments | 10517.58 | 11317.58 | 10636.73 |
| (ii) Union Territories (with Legislature) | 169.49 | 137.81 | 174.25 |
| (iii) Others | 2851.93 | 3429.61 | 4352.70 |
| (a) Foreign Governments | 68.81 | 50.80 | 52.80 |
| (b) Public Sector enterprises, statutory bodies, etc | 2783.12 | 3378.81 | 4299.90 |
| TOTAL- Recoveries of Loans and Advances | 13539.00 | 14885.00 | 15163.68 |
| (a) The recoveries from State Governments exclude Short-term ways and means Advances | 2000.00 | 2500.00 | 2000.00 |
| (b) The recoveries from non-Government parties exclude recoveries from Government servants, etc. which are netted in the Expenditure | 300.00 | 300.00 | 325.00 |

(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, the Tenth Finance Commission and Eleventh 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 and Eleventh Finance Commission 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 2000-2001 relate to recoveries in respect of loans advanced for Plan and Non-Plan purposes during 1984-85 to 1997-98, Budget 2001-2002 is based on loans advanced during those years and also loans advanced during 1998-99.

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 that are 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, Tenth and Eleventh 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 1992-93.

(g) The Tenth Finance Commission had recommended a scheme for debt relief linked to fiscal performance of each State. The admissible debt relief, during the award period of the Commission, is linked with the fiscal performance of the State. 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. The debt relief in the form of write off of a certain percentage (ranging between zero to ten per cent) of repayment falling due to in respect of Central loans advanced to the States during 1989-95 and as outstanding on 31st March, 1995 is to be given. The percentage of relief would be twice the percentage of fiscal improvement. The relief due during 1999-2000 is to be given in 2000-01.

The Eleventh Finance Commission has recommended continuation of the scheme of debt relief recommended by Tenth Finance Commission, with enhanced incentive for States, during its award period. It has recommended that in calculation of revenue receipts of a State the revenue deficit grants should not be included. The percentage of relief would be five times of the percentage of fiscal improvement. The debt relief ranging between zero to twenty-five per cent of repayment falling due in respect of Central loans advanced to the States during 1994-99 and as outstanding on 31st March, 1999 is to be given.

(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 2000-2001 take into account the effect of recommendations of the Tenth Finance Commission, regarding debt relief to States as accepted by the Government. In addition, it has been decided to waive the repayments obligation of the State Government of Punjab for the balance unpaid instalments for the year 1997-98, 1998-99 and 1999-2000 in respect of the special term loans extended to Govt. of Punjab from 1984-85 to 1993-94. RE 2000-2001 include waiver of Rs. 759.35 crore.

(ii) Recoveries from Union Territories (with Legislature): The recoveries are in respect of loans advanced to the Union Territory 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.3429.61 crore in RE 2000-2001. During 2001-2002, repayment estimates are placed at Rs. 4352.70 crore. The broad details are:—

(in crore of Rupees)

| | Budget 2000-2001 | Revised 2000-2001 | Budget 2001-2002 |
|---|---------------------|----------------------|---------------------|
| (a) Foreign Governments | 68.81 | 50.80 | 52.80 |
| (b) Public Sector enterprises, statutory bodies, etc. | 2783.12 | 3378.81 | 4299.90 |
| Total | 2851.93 | 3429.61 | 4352.70 |

5. DISINVESTMENT OF EQUITY HOLDINGS IN PUBLIC SECTOR ENTERPRISES AND DEPARTMENTAL COMMERCIAL UNDERTAKINGS.

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

6. (A) NATIONAL SMALL SAVINGS FUND

(i) **National Small Savings Fund:** A "National Small Savings Fund" (NSSF) in the Public Account of India has been established with effect from 1.4.1999. A new sub sector has been introduced called "National Small Savings Fund" in the list of Major and Minor Heads of Government Accounts. All small savings collections (including Public Provident Fund) are credited to this Fund. Similarly, all withdrawals under small savings schemes by the depositors are made out of the accumulations in this Fund. The balance in the Fund is invested in Central and State Government Securities. The investment pattern is as per norms decided from time to time by the Government of India. From 2000-01, 80% and 20% of the net collections (gross collections minus withdrawals by depositors) is being invested by National Small Savings Fund in special securities issued by the State and Central Governments respectively. The debt servicing of these Government securities is an income of the Fund while the cost of the interest and cost of management of small savings schemes is an expenditure of the Fund.

(ii) The special securities issued by the Central Government to NSSF will constitute a part of the internal debt of the Government of India.

(iii) Interest at the rate of 12.5 per cent per annum is payable on these special securities issued by the respective Governments during the year: 2000-01.

(iv) **Share of States in net small savings collections:** At present 80% of the net collections under small savings schemes in each State and Union Territory (With Legislature) are invested in the securities of the States.

Further, with a view to encourage stable long term savings, an additional investment is made in the special securities of a States if the percentage of net small savings collections in the State exceeds the all India percentage by more than 5 per cent. The additional investment is 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.

(vi) Sources and Application of National Small Savings Fund are shown in the Table-I hereunder:

Table-I
SOURCES AND APPLICATION OF NATIONAL SMALL SAVINGS FUND AS ON 31ST MARCH, 2000

(In Crore of Rupees)

| | 1999-2000 (Provisional Actual) | 2000-01 (R.E.) | 2001-02 (B.E.) |
|--|-----------------------------------|------------------|------------------|
| SOURCES OF FUNDS | | | |
| Savings Deposits | | | |
| Liabilities outstanding as on 1st April | 47124.54 | 60638.67 | 77708.67 |
| Accretion to liabilities during the year | 13514.13 | 17070.00 | 19010.00 |
| Savings Certificates | | | |
| Liabilities outstanding as on 1st April | 104832.43 | 122246.23 | 139136.23 |
| Accretion to liabilities during the year | 17413.80 | 16890.00 | 19250.00 |
| Public Provident Fund | | | |
| Liabilities outstanding as on 1st April | 24263.95 | 31906.54 | 40946.54 |
| Accretion to liabilities during the year | 7642.59 | 9040.00 | 8740.00 |
| Total Deposits | 214791.44 | 257791.44 | 304791.44 |
| APPLICATION OF FUNDS | | | |
| Investment in Central Government Special Securities against outstanding balance as on 31.3.1999 | | | |
| Investment as on 1st April | ...\$ | 176220.92 | 176220.92 |
| Additional investment during the year | 176220.92 | ... | ... |

(In Crore of Rupees)

| | 1999-2000 (Provisional Actual) | 2000-01 (R.E.) | 2001-02 (B.E.) |
|--|-----------------------------------|------------------|------------------|
| Investment in Central Government Special Securities against collections from 1.4.1999 | | | |
| Investment as on 1st April | ...\$ | 8978.88 | 16928.70 |
| Additional investment during the year | 8978.88 | 7949.82 | 9000.00 |
| Investment in State Government Special Securities against collections from 1.4.1999 | | | |
| Investment as on 1st April | ...\$ | 26936.65 | 58735.93 |
| Additional investment during the year | 26936.65 | 31799.28 | 36000.00 |
| Total Investment in Securities | 212136.45 | 251885.55 | 296885.55 |
| Balance Income/Expenditure Account | 1681.68 | 3891.44 | 2953.32 |
| Cash Balance | 973.31 | 2014.45 | 4952.57 |
| TOTAL | 214791.44 | 257791.44 | 304791.44 |

\$ The balance brought forward is 'Nil' as the National Small Savings Fund has been established w.e.f. 1.4.1999.

(vii) The details about various components of National Small Savings Fund (viz: Receipts, Disbursements, Investments, Income and Expenditure of NSSF) containing 'Actuals' for 1999-2000 (Provisional), BE & RE 2000-01 and BE 2001-02 are tabulated in Annexure - 12.

(viii) **Small Savings Schemes:** Small savings schemes currently in force are Post Office Savings Accounts, Post Office Time Deposits, Post Office Recurring Deposits, National Savings Scheme 1992, Post Office Monthly Income Account, National Savings Certificate VIII-Issue, Kisan Vikas Patra and Public Provident Fund.

6(B). 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 are also run by the Government of India. Budget Estimates of gross and net collections in 2001-2002 under this schemes are Rs. 250 and 200 crore. This has been pegged in the Revised Estimates for gross collection and net collection respectively at Rs. 200 crore and Rs. 170 crore.

Table II

(In Crore of Rupees)

| | Actuals:1999-2000 (Provisional) | RE 2000-01 | BE 2001-02 |
|-------|------------------------------------|------------|------------|
| GROSS | 107.24 | 200 | 250 |
| NET | 82.61 | 170 | 200 |

7. 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 1.4.2000, the deposits carry interest at 11 per cent per annum. Net accretions to the Funds were assumed at Rs. 7500 crore in Budget 2000-2001 against which the R.E. is placed at Rs. 8500 crore. Budget 2001-2002 assumes a net accretion of Rs. 9500 crore.

8. SPECIAL DEPOSIT SCHEMES: Accretions in the special deposits with Government 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. 9215.27 crore in Revised Estimate 2000-2001. Budget Estimate 2001-2002 assumes a net accretion of Rs. 10252.57 crore.

9. 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. Further in tune with the reduction of interest rates in the case of some Small Saving Instruments, the rate of interest on the Relief Bonds was also reduced by 1% and a new series of "9% Relief Bonds, 1999" was introduced with effect from 1.1.1999. 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 Estimates 2000-2001 assumed sale of the bonds, net of repayments at Rs. 2250 crore. Against it, Revised Estimate 2000-2001 was kept at Rs. 3000 crore. Budget Estimate 2001-2002 also assumes a net receipt of Rs. 3000 crore.

(ii) Railway Reserve Funds:*(in Crore of Rupees)*

| | Budget 2000-2001 | Revised 2000-2001 | Budget 2001-2002 |
|--|---------------------|----------------------|---------------------|
| Railway Pension Fund | | | |
| Cr. | 5313.96 | 5167.00 | 6012.33 |
| Dr. | 5313.96 | 5167.00 | 5800.00 |
| Net | ... | ... | (+) 212.33 |
| Railway Depreciation Reserve Fund | | | |
| Cr | 2582.00 | 2298.00 | 2811.06 |
| Dr. | 2582.00 | 2298.00 | 2704.00 |
| Net | ... | ... | (+) 107.06 |
| Railway Development Fund | | | |
| Cr | 831.03 | 722.32 | 511.03 |
| Dr. | 831.00 | 595.00 | 511.00 |
| Net | (+) 0.03 | (+) 127.32 | (+) 0.03 |
| Railway Capital Fund | | | |
| Cr. | 598.72 | 300.72 | 18.91 |
| Dr. | 598.72 | 300.72 | 17.43 |
| Net | ... | ... | (+) 1.48 |
| Railway Safety Fund | | | |
| Cr. | ... | ... | 311.77 |
| Dr. | ... | ... | 300.00 |
| Net | ... | ... | (+) 11.77 |
| TOTAL | (+) 0.03 | (+) 127.32 | (+) 332.67 |

(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 2000-2001 is estimated at Rs. 5167.00 crore, including Rs. 5.15 crore by way of interest payable by the General Revenues on the balance in the Fund. The withdrawals are estimated at Rs. 5167.00 crore. During 2001-2002 credit is estimated at Rs. 6012.33 crore, including Rs. 12.33 crore on account of interest. As against this the withdrawal is estimated at Rs. 5800.00 crore.

(b) *Railway Depreciation Reserve Fund:* provides for replacement and renewal of assets including the improvement element. Contribution to the Fund inclusive of interest payable by General Revenues and outgo has been estimated at Rs. 2298.00 crore in 2000-2001. For 2001-2002 Credit is estimated at Rs. 2811.06 crore including Rs. 3.43 crore on account of interest. Withdrawal is estimated at Rs. 2704.00 crores.

(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 ACSPPF 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 2000-2001, the credit to the Railway Development Fund has been estimated at Rs. 722.32 crore comprising Rs. 717.99 crore out of anticipated excess in 2000-2001 and Rs. 4.33 crore being the interest payable by the General Revenues on

the balance in the Fund. Withdrawals from the Fund during 2000-2001 has been estimated at Rs. 595.00 crore. The net accretion of Rs.127.32 crore is mainly on account of safety grant received from the Government as Railways share of Central Road Fund. This will be transferred to the newly created Railway Safety Fund being set up from 1.4.2001. Credit to the Fund during 2001-2002 is placed at Rs. 511.03 crore, Rs. 511.00 crore out of anticipated excess in 2001-2002 and Rs. 0.03 crore being the interest payable on the balance in the Fund. The withdrawals during 2001-2002 are estimated at Rs. 511.00 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. 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. The credit to the Fund in 2000-2001 is estimated at Rs. 300.72 crore inclusive of Rs. 249.00 crore taken as loan from the General Revenues and Rs. 1.73 crore on account of interest. Against this, the withdrawals during the year are estimated at Rs. 300.72 crore. The credit to the Fund in 2001-2002 is estimated at Rs. 18.91 crore including Rs.1.48 crore being the interest payable on the balance in the Fund. The withdrawals are estimated at Rs.17.43 crore.

(e) *Railway Safety Fund*: is being 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 would be financed through the Railway revenues i.e. out of the 'Excess' left after payment of dividend to General Revenues, transfer of funds by the Government from the Central Road Fund and the contribution presently being made to the Railway Safety Works fund out of the dividend being paid to the General Revenues. Credit to the Fund during 2001-2002 is placed at Rs. 311.77 crore including Rs. 9.01 crore being the interest payable on the balance in the Fund. The withdrawals are estimated at Rs. 300.00 crore.

(iii) **Telecommunications Reserve Funds:**

(in Crore of Rupees)

| | Budget 2000-2001 | Revised 2000-2001 | Budget 2001-2002 |
|-------------------------------------|---------------------|----------------------|---------------------|
| Telecom Revenue Reserve Fund | | | |
| <i>Credits</i> | 10.77 | 4.84 | ... |
| <i>Debits</i> | ... | ... | ... |
| Net | 10.77 | 4.84 | ... |
| Telecom Capital Reserve Fund | | | |
| <i>Credits</i> | 10537.44 | 4965.14 | ... |
| <i>Debits</i> | 10537.00 | 5310.26 | ... |
| Net | 0.44 | (-) 345.12 | ... |
| Total | 11.21 | (-) 340.28 | ... |

Since Department of Telecom Services has been corporatised with effect from 1st October 2000, Reserve fund will not be operated from the year 2001-2002 onwards. The balance in these Fund will form part of GOI asset transferred to BSNL on 30.9.2000.

(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.

In the Revised Estimates 2000-2001, no appropriation is proposed to this Fund. However, Rs. 4.84 crores as interest from General Revenues are estimated to be credited to this Fund. Since the expenses of C-DOT were included in the DTS's working expenses and no amount was paid towards the compensation to ITI/HTL till 30-9-2000, no amount is being debited in the year 2000-2001.

(b) *Telecom Capital Reserve Fund*: The Fund is fed by transfer of the surplus of the Department of Telecom Services for meeting the Plan expenditure of the Department on Capital account.

Credits to the Fund in 2000-2001 are estimated at Rs.4965.14crore, including interest of Rs.99.18 crore from General Revenues. Withdrawals from the Fund in 2000-2001 are estimated at Rs.5310.26 crore. This fund will not be operated from the year 2001-2002 onwards as the Department of Telecom Services has been corporatised with effect from 1st October, 2000. The balance in the fund as on 30.9.2000 will be part of GOI asset transferred to BSNL.

(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)

| | Budget 2000-2001 | | | Revised 2000-2001 | | | Budget 2001-2002 | | |
|--|---------------------|----------------|---------------|----------------------|----------------|---------------|---------------------|---------------|---------------|
| | Receipts | Discharges | Net | Receipts | Discharges | Net | Receipts | Discharges | Net |
| 1. International Monetary Fund | 980.51 | 111.40 | 869.11 | 806.24 | 207.96 | 598.28 | ... | ... | ... |
| 2. International Bank for Reconstruction and Development | 0.01 | 35.00 | -34.99 | 0.01 | 37.60 (-) | 37.59 | 0.01 | 37.60 (-) | 37.59 |
| 3. International Development Association | ... | 0.01 | -0.01 | ... | ... | ... | ... | 0.56 (-) | 0.56 |
| 4. International Fund for Agricultural Development | 0.01 | 6.00 | -5.99 | 0.01 | 5.91 (-) | 5.90 | 0.01 | 6.00 | -5.99 |
| 5. Asian Development Bank | 19.00 | 5.20 | 13.80 | 21.00 | 1.80 | 19.20 | 20.00 | 5.00 | 15.00 |
| 6. African Development Fund and African Development Bank | 8.73 | ... | 8.73 | 8.77 | 1.14 | 7.63 | 8.77 | 3.12 | 5.65 |
| Total: | 1008.26 | 157.61 | 850.65 | 836.03 | 254.41 | 581.62 | 28.79 | 52.28 | -23.49 |
| S.D.Rs | 1232.51 | 1227.95 | 4.56 | 1098.95 | 1054.18 | 44.77 | 176.03 | 171.24 | 4.79 |

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, 2000 (on the basis of the representative rate of Re. 1 = SDR 0.0173621 effective April 30, 2000) an amount of Rs. 96.87 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. As against provision of Rs. 980.51 crore in BE 2000-2001, the RE 2000-2001 for subscription to the IMF is Rs. 806.24.

On account of repurchase transactions during 2000-2001 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. 111.40 crore was kept in BE 2000-2001 which has been revised in RE 2000-2001 as Rs. 207.96 crore. In view of the repurchase programme of IMF facility during 1991-93 having been completed, no provision has been made for the purpose in BE 2001-2002 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 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 2000-2001, India has repurchased an amount of Rs.115.30 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. In view of the repurchase obligations against the facility having been completed, there is no requirement for any provision in Budget for 2001-2002.

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.1098.95 crore in the Revised Estimate 2000-2001 which would be contra credited to SDR A/c. The total debits to the head Special Drawing Rights amounted to Rs.1054.18 crore in the Revised Estimates 2000-2001 which would be contra-credited to the SDR Account.

International Bank for Reconstruction and Development (IBRD): A provision of Rs. one lakh each was made in both BE and RE 2000-2001 on account of Maintenance of Value Payments (MOV) to IBRD in the form of non-negotiable and non-interest bearing rupee securities. A provision of Rs. one lakh has also been kept in BE 2001-2002 for this purpose.

Budget Estimate 2000-2001 included a provision of Rs. 35 crore towards encashment of securities by IBRD. Rs. 37.60 crore each has been kept in RE 2000-2001 and BE 2001-2002 respectively for the purpose.

International Development Association (IDA): A nil provision was made in BE 2000-2001 for IDA-12 subscription as India was required to make this payment on call. For BE 2001-2002, no provision has been made.

For encashment of securities in respect of IDA, a token provision of Rs. 1 lakh was kept in BE 2000-2001. For RE 2000-2001, no provision has been made. Rs. 56 lakhs has been kept under BE 2001-2002.

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 \$ 35 million towards the resources of IFAD till 1999-2000. The payments are made by the issue of non-negotiable, non-interest bearing rupees securities held in favour of IFAD by Reserve Bank of India. India is the largest contributor among the List-C (Developing countries) Member countries of IFAD. An amount of US\$ 1,944,000 (equivalent to Rs. 590,70,191) related to Indias contribution to the 3rd Replenishment of IFAD under the 21st Draw-Down was encashed during 2000-2001.

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. 1.80 crore for such encashment has been made in the RE 2000-2001. BE 2001-2002 assumes a provision of Rs. 5.00 crore.

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. As on date, India has contributed a total amount of Rs. 98.51 crore to the resources of the African Development Fund under its various replenishments. Negotiations for VIIIth Replenishment of African Development Fund have concluded. The first and second instalment of Rs. 7.99 crore each have been paid in 1999-2000 and 2000-2001 respectively. Third instalment of Rs. 7.99 crore will be paid in 2001-2002. On the basis of the present encashment schedule of ADF, we have to pay Rs. 1.14 crore in 2000-2001 and Rs. 3.12 crore in 2001-2002.

Upto GCI-IV, India has made subscription of Rs. 5.40 crore to the capital stock of the African Development Bank. Negotiations for GCI-V have been concluded. Under the fifth General Capital Increase (GCI-V) of the capital stock of the African Development Bank, India has been allocated 1860 shares. Out of these 112 shares are paid up and remaining 1748 shares are callable. India's subscription against paid up shares is UA 11,20,000 equivalent to US\$ 13,51,112 at the fixed exchange rate of 1 UA = US\$ 1.20635. The payment of paid up shares will be made in eight equal annual instalments. The payment of 1st instalment of UA = 1,40,000 equivalent of US\$ 1,68,889 equivalent to Rs. 78,29,694 has been paid in 2000-2001 to the African Development Bank. Second instalment of Rs. 78,29,694 approximately will be paid in 2001-2002 in notes encashable on demand in a freely convertible currency to the African Development Bank.

Technical Cooperation Agreement between GOI & Bank Group: India has signed a Technical Cooperation Agreement with African Development Bank & Fund on 27.7.98. Under this Agreement India has to pay Rs. 150 million in three annual instalments. This amount will be used in financing the services of consultants for project related studies and training of Bank staff in India. 95% of Goods and Services procured under this Agreement would have its origin in India. 1st and IIrd instalment of Rs. 10 crore has been paid to the African Development Bank. IIIrd instalment of Rs. 5 crore will be paid in March, 2001.

(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. In consideration of the reduction in excise and customs duties on crude oil and petroleum products during 2000-2001, the balances under the deposit account of the Oil Co-ordination Committee are not being carried forward to the next year's accounts. This is being done on a proforma basis.