

## PART B CAPITAL RECEIPTS

### ESTIMATES OF CAPITAL RECEIPTS

The Statement below summarizes by broad categories the estimates of capital receipts - both non-debt and debt receipts. Further, details together with brief notes explaining the variations between Budget Estimates and Revised Estimates for 2003-04 and between latter and Budget Estimates for 2004-05 are given in the notes following the statement. The borrowings and other debt included in the statement are net of repayments.

(in crore of Rupees)

	Budget 2003-2004	Revised 2003-2004	Budget 2004-2005
<b>A. Non-debt Receipts</b>			
1 Recoveries of loans & advances	18023.10	64625.00	27100.00
2 Disinvestment of equity holdings in Public Sector Enterprises	13200.00	14500.00	4000.00
<b>B. Debt Receipts</b>			
3 Market Loans	107194.00	85797.00	115501.18
<i>Of which under Market stabilization Scheme</i>	...	...	25000.00
4 Short term borrowings	...	(-) 2815.00	34864.00
<i>Of which under Market stabilization Scheme</i>	...	...	35000.00
5 External Assistance (Net)	3581.62	(-) 11704.65	8076.52
6 Securities issued against Small Savings	...	60400.00	1350.00
7 State Provident Funds (Net)	7500.00	5000.00	4000.00
8 Special Deposits of Non-Government PF, LIC, etc. (Net)	9970.00	(-)450.62	200.39
9 Other Receipts (Net)	25391.21	6108.90	19818.00
<b>C. Total Capital Receipts</b>	<b>184859.93</b>	<b>221460.63</b>	<b>214910.09</b>
10 Draw-down of Cash Balance (excluding balance under MSS )	...	(-) 10232.24	13597.22

### 1. RECOVERIES OF LOANS & ADVANCES

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

(in crore of Rupees)

	Budget 2003-2004	Revised 2003-2004	Budget 2004-2005
<i>Recoveries from:</i>			
(i) State Governments	13216.63	57073.55	23585.99
(ii) Union Territories (with Legislature)	270.88	215.47	262.17
(iii) Others	4535.59	7335.98	3251.84
(a) <i>Foreign Governments</i>	57.14	21.95	68.84
(b) <i>Public Sector Enterprises, statutory bodies, etc</i>	4478.45	7314.03	3183.00
<b>TOTAL- Recoveries of Loans and Advances</b>	<b>18023.10</b>	<b>64625.00</b>	<b>27100.00</b>
(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	500.00	500.00	525.00

(i) **Recoveries from State Governments:** The recoveries are in respect of loans advanced to States. RE 2003-04 and BE 2004-05 include receipts under the State Debt Swap Scheme. Of the capital receipts in BE 2004-05, Rs. 11,000 crore will be used to meet incremental Defence capital expenditure.

(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:** These include loan repayments by parties other than State and Union Territory Governments, viz. foreign Governments, industrial and commercial enterprises and financial institutions in the public sector, municipalities, port trusts, private sector companies and institutions, cooperatives, etc. The broad details are:-

(in crore of Rupees)

	Budget 2003-2004	Revised 2003-2004	Budget 2004-2005
(a) Foreign Governments	57.14	21.95	68.84
(b) Public Sector Enterprises, statutory bodies, etc.	4478.45	7314.03	3183.00
<b>Total</b>	<b>4535.59</b>	<b>7335.98</b>	<b>3251.84</b>

**2. DISINVESTMENT OF EQUITY HOLDINGS IN PUBLIC SECTOR ENTERPRISES**

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

**3. 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. This marked a departure from the practice followed earlier in raising market loans by issuing loans at specified interest rates. Apart from Fixed Coupon Securities, Government also issues Floating Rate Bonds (FRB) on which the coupon rate, payable semi annually, are reset annually by adding a 'spread', determined in the auction, on the variable base rate calculated as the average of the implicit yields at cut off prices of 364 days Treasury Bills in the three preceding auctions; Zero Coupon Bonds which do not carry any coupon but are sold at a discount; Capital Indexed Bonds, which provided inflation-indexation to the principal amount. Central Government and RBI have now prepared a Concept Paper on Modified Capital Index Bonds which would provide for indexation of both the principal amount and coupon payments. Since 2002-03, Central Government has been announcing half-yearly Indicative Market Borrowing Calendar based on its core borrowing requirements.

The gross market borrowing of Central Government through issue of dated securities in 2003-04 was Rs. 121500 crore, as against BE 2003-04 of Rs. 139887.49 crore. This included Rs. 21500 crore raised through private placement of securities with RBI largely to fund the prepayment of external loans. The above gross market borrowing included FRBs of Rs. 16000 crore issued in three tranches. The weighted average cost of market borrowings during 2003-04 was 5.74% as against 7.34% in 2002-03. The reduction in the average cost of market borrowings was achieved alongwith elongation in maturity from 13.83 years to 14.94 years.

The above amount does not take into account re-issue of Government securities amounting to Rs. 14434 crore (nominal) in lieu of relatively high cost illiquid Government securities bought back under the Debt Buyback Scheme.

The details of the Government securities bought back under the Scheme and four securities which were re-issued in lieu thereof are given below:

(in crore of Rupees)

<b>S.No.</b>	<b>Name of Security bought back</b>	<b>Amount</b>
1.	13.85 per cent Government Stock, 2006 (INSTA)	870.00
2.	13.85 per cent Government Stock, 2006	300.00
3.	12.50 per cent Government Stock, 2007	145.00
4.	13.05 per cent Government Stock, 2007	300.00
5.	12.15 per cent Government Stock, 2008	1475.00
6.	12.22 per cent Government Stock, 2008	205.00
7.	12.25 per cent Government Stock, 2008	490.00
8.	11.50 per cent Government Stock, 2009	3493.00
9.	12.25 per cent Government Stock, 2010	985.00
10.	12.32 per cent Government Stock, 2011	1538.00
11.	8.00 per cent Government Stock, 2011	5.00
12.	11.50 per cent Government Stock, 2011	884.00
13.	12.00 per cent Government Stock, 2011	140.00
14.	10.25 per cent Government Stock, 2012	181.00
15.	9.00 per cent Government Stock, 2013	248.00
16.	12.40 per cent Government Stock, 2013	1708.00
17.	10.47 per cent Government Stock, 2015	570.00
18.	11.50 per cent Government Stock, 2015	613.00
19.	10.45 per cent Government Stock, 2018	284.00
	<b>Total</b>	<b>14,434.00</b>
<b>S.No.</b>	<b>Name of securities re-issued in lieu of bought back securities</b>	
1.	6.65 per cent Government Stock, 2009	2886.80
2.	6.72 per cent Government Stock, 2014	5773.60
3.	7.46 per cent Government Stock, 2017	2886.80
4.	6.25 per cent Government Stock, 2018	2886.80
	<b>Total</b>	<b>14,434.00</b>

**BUDGET ESTIMATES 2004-2005**

The following market loans with outstanding balances indicated against each are due for discharge in 2004-05:

(in crore of Rupees)

1.	11.50% Government Stock, 2004	4000.00
2.	11.00% Loan, 2004	12.43
3.	12.35% Government Stock, 2004	1200.00
4.	9.50% Loan, 2004	320.59

5.	12.59% Government Stock, 2004	6685.86
6.	11.75% Government Stock, 2004	5645.57
7.	6.50% Loan, 2004	411.96
8.	11.95% Government Stock, 2004	2500.00
9.	11.98% Government Stock, 2004	8000.00
10	11.30 % Loan, 2004	539.56
	<b>Total</b>	<b>29315.97</b>
11.	Add: 12.59% Government Stock, 2004*	5000.00
	<b>Grand Total</b>	<b>34315.97</b>

\* *Special Securities converted into Marketable Securities.*

The estimate of market borrowing of Rs. 115501 crore includes issue of dated securities amounting to Rs. 25000 crore under Market Stabilization Scheme. As provided under the Memorandum of Understanding (MoU) signed by Central Government and Reserve Bank of India on March 25, 2004, these borrowings are in addition to the normal market borrowing requirements and are issued with the intention of absorbing liquidity from the system. These receipts are held in a separate identifiable cash account with RBI and will not be utilized for any purpose, other than redemption of the dated securities.

#### CONVERSION OF SPECIAL SECURITIES

Government of India has completed the conversion of special securities issued in lieu of ad hoc treasury bills into marketable securities during the year 2003-04. Details of the marketable securities are given in Annexure 4A. The net receipts on account of the conversions is nil.

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

These Treasury Bills offer short-term investment opportunity to financial institutions, banks, etc. The notified amount for fortnightly auction of 364 days Treasury Bills has been raised from Rs.750 crore to Rs.1000 crore since 2002-03. The notified amount for weekly auction of 91 days Treasury Bills have been raised from Rs. 250 crore to Rs.500 crore during 2003-04. For specified durations during 2002-03 and 2003-04, the notified amount have been higher than Rs.500 crore and this accounts for lower outstanding balance at the end of 2003-04.

Central Government also issues 14 days Intermediate Treasury Bills for deployment of short term cash surpluses by State Government.

#### BUDGET ESTIMATES 2004-05

The estimate of net short term borrowings in 2004-05 of Rs. 34864 crore include net borrowing of Rs. 19000 crore through issue of 91 days Treasury Bills and Rs. 16000 crore through issue of 364 days Treasury Bills under Market Stabilization Scheme. Outgo of Rs. 136 crore is estimated under normal issue of 364 days Treasury Bills. No net borrowing is estimated through normal issue of 91 days Treasury Bills.

#### 5. EXTERNAL ASSISTANCE

Budget 2004-05 assumed a gross receipt of Rs.14946.19 crore and Repayment of Rs. 6869.67 crore, resulting in net external assistance (excluding external grants) of Rs.8076.52 crore.

The net receipt from external assistance is placed at Rs.(-)11704.65 crore at RE 2003-04 on account of decision to prepay high cost loans from multi-lateral and bilateral sources.

Taking advantage of comfortable foreign exchange reserves and soft domestic interest rates, Government had effected premature repayment of high cost loans amounting to Rs. 17,213.41 crore in 2003-04 from World Bank, Asian Development Bank and other 11 bilateral sources. The rupee resources to fund these prepayments have been raised through private placement of government securities with RBI.

A summary of estimates of receipts of external assistance and repayment of the principal in 2003-2004 and in 2004-2005 is given below:

(in crore of Rupees)

	Budget 2003-2004	Revised 2003-2004	Budget 2004-2005
<b>A. Receipts</b>			
(i) External loans	12902.40	13089.61	14546.19
(ii) Receipts under Revolving fund	300.00	500.00	400.00
<b>Total Receipts</b>	<b>13202.40</b>	<b>13589.61</b>	<b>14946.19</b>
<b>B. Repayments</b>	<b>(-) 9620.78</b>	<b>(-) 25294.26</b>	<b>(-) 6869.67</b>
<b>Net receipts</b>	<b>3581.62</b>	<b>(-) 11704.65</b>	<b>8076.52</b>

Further details are given in Annexure 2 to this document.

#### 6. (A) NATIONAL SMALL SAVINGS FUND

##### *Small Savings Schemes:*

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

website: <http://indiabudget.nic.in>

**National Small Savings Fund:** (i) All deposits under small savings schemes are credited to the "National Small Savings Fund" (NSSF), established in the Public Account of India with effect from 1.4.1999. All withdrawals by depositors are made out of the accumulations in this Fund. The balance in the Fund is invested in special Government Securities as per norms decided from time to time by the Central Government. Pursuant to the recommendations of the Expert Committee on Administered Interest Rates and other related issues, chaired by Dr. Y.V. Reddy, the then Deputy Governor of the Reserve Bank of India, since 1st April, 2002, the entire net collections (deposits minus withdrawals by subscribers) under small savings schemes in each State and Union Territory (with legislature) are advanced to the concerned State/Union Territory Government as investment in its special securities. The debt servicing of Government securities is an income of the Fund while the cost of the interest paid to the subscribers and cost of management of small savings schemes are expenditure of the Fund.

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

(iii) Interest at the rate of 9.50 per cent per annum is payable on the special securities issued by State Governments with effect from 1st April, 2003.

**Impact of Debt Swap Scheme on NSSF:** With effect from 2002-03, a debt swap scheme has been introduced to facilitate State Governments to swap their high cost debt owed to Government of India with additional market borrowings and a part of current small savings transfers. During 2002-03, States swapped high cost loans amounting to Rs. 13,766 crore with 20 per cent of small savings share from September, 2002 to March, 2003 and additional market borrowings. Similarly, during 2003-04 (Provisional) high cost loans amounting to Rs. 46,211 crore have been swapped with 30 per cent of small savings transfers and additional market borrowings. The receipts under debt swap scheme have been used by the Central Government to repay its liabilities to the NSSF. NSSF, in turn, has reinvested the amount received from such redemption in fresh Government of India securities issued at market related rates of interest.

**Sources and Application:**

(i) The 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**

(In Crore of Rupees)

Particulars	Actuals 2002-2003 (Provisional)	2003-04 (R.E.)	2004-05 (B.E.)
<b>A. SOURCES OF FUNDS</b>			
<b>Savings Deposits</b>			
Liabilities outstanding as on 1st April	105077.91	140216.26	186786.26
Accretion to liabilities during the year	35138.35	46570.00	51100.00
<b>Savings Certificates</b>			
Liabilities outstanding as on 1st April	149665.92	163420.33	175050.33
Accretion to liabilities during the year	13754.41	11630.00	15200.00
<b>Public Provident Fund</b>			
Liabilities outstanding as on 1st April	49313.10	60753.84	73453.84
Accretion to liabilities during the year	11440.74	12700.00	11900.00
<b>Total Deposits</b>	<b>364390.43</b>	<b>435290.43</b>	<b>513490.43</b>
<b>B. APPLICATION OF FUNDS</b>			
<b>Investment in Special Central Government Securities against outstanding balance as on 31.3.1999</b>			
Investment as on 1st April	176220.92	162455.34	115853.34
Less: Redemption of securities during the year	(-) 13765.58	(-) 46602.00	...
<b>Investment in Special Central Government Securities against collections from 1.4.1999</b>			
Investment as on 1st April	26049.69	26049.69	26049.69
Additional investment during the year	...	...	...
Less: Redemption of securities during the year	...	...	(-) 450.00
<b>Investment in Special State Government Securities against collections from 1.4.1999</b>			
Investment as on 1st April	95219.86	147481.34	211981.34
Additional investment during the year	52261.48	64500.00	70000.00
Less: Redemption of securities during the year	...	...	(-) 1350.00
<b>Re-investment in Special Central Government Securities out of the sums received on redemption of securities</b>			
Investment as on 1st April	...	...	60400.00
Additional investment during the year	...	60400.00	1800.00
Less: Redemption of securities during the year	...	...	...
<b>Total Investment in Securities</b>	<b>335986.37</b>	<b>414284.37</b>	<b>484284.37</b>
Accumulated Balance Income/Expenditure Account	4138.16	13902.25	15315.93
Cash Balance	24265.90	7103.81	13890.13
<b>TOTAL</b>	<b>364390.43</b>	<b>435290.43</b>	<b>513490.43</b>

(ii) The details about various components of National Small Savings Fund (viz: Receipts, Disbursements, Investments, Income and Expenditure of NSSF) containing Actuals for 2002-2003 (Provisional), BE & RE 2003-04 and BE 2004-05 are tabulated in Annexure-8.

### (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 Central Government. Budgetary Estimates of collections under these schemes are shown in Table II hereunder:

**Table II**

(In Crore of Rupees)

	Actuals 2002-03 (Provisional)	RE 2003-04	BE 2004-05
GROSS	468.00	550.00	600.00
NET	405.00	480.00	520.00

7. **STATE PROVIDENT FUNDS:** The transactions under this head relate to various Provident Funds for Government employees. Credit assumed is net of the deposits into the funds, including interest and withdrawals / temporary advances from funds. With effect from 1.4.2003, the deposits carry interest at 8 per cent per annum. Net accretions to the Funds were estimated at Rs. 7500 crore in Budget 2003-2004 against which the R.E. is placed at Rs.5000 crore. Budget 2004-2005 estimates a net accretion of Rs.4000 crore.

8. **SPECIAL DEPOSIT SCHEMES:** Receipts were estimated on account of accretions due to reinvestment of interest payments on net balances under the Special Deposit Schemes (SDS) for non-Government Provident, Superannuation and Gratuity Funds and for surplus funds of Life Insurance Corporation, General Insurance Corporation, its subsidiaries, etc. and Employees' State Insurance Corporation, etc.

Government has notified freezing the corpus of SDS for PFs, etc. as on June 30, 2003 and provides for interest payment in cash on the net balances, which are to be invested as per the guidelines relating to incremental accretions. The reduction in the receipts at RE stage is on account of the aforesaid change in Scheme. From 2004-05, investments under SDS for LIC, GIC, etc. have also been discontinued. Therefore, BE 2004-05 assumes net receipts of Rs. 200.39 crore.

### 9. OTHER RECEIPTS

(i) **6.5% Savings (Non-taxable) Bonds, 2003** were introduced with effect from 24th March, 2003 to enable resident citizens to invest their savings in tax-free bonds without any monetary ceilings. The bonds will have maturity of five years carrying interest at 6.50% per annum payable half yearly. Both cumulative and non-cumulative options are available. The bonds are not transferable except by way of gift to relatives as defined in Section 8 of Indian Companies Act, 1956. The bonds are not tradable in the secondary market and are not eligible as collateral security for loans from banking institutions, non-banking financial companies or financial institutions. The cumulative subscription under the Scheme was Rs. 18571.80 crore, as on March 31, 2004.

(ii) **8% Savings (Taxable) Bonds, 2003** were introduced w.e.f. 21st April, 2003 to enable resident citizens/charitable institutions/University to invest their savings in taxable bonds without any monetary ceilings. The bonds will have maturity of six years carrying interest at 8 per annum payable half yearly. Both cumulative and non-cumulative options are available. The bonds are not transferable. They are also not tradable in the secondary market and are not eligible as collateral security for loans from banking institutions, non-banking financial companies or financial institutions. The cumulative subscription under the Scheme was Rs. 6576.45 crore, as on March 31, 2004.

(iii) **Relief Bonds** : 8% Relief Bonds Scheme, which was introduced with effect from March 1, 2002, was discontinued with effect from March 1, 2003.

(iv) **7% Savings Bonds 2002** which were introduced w.e.f. 1-10-2002 has also been discontinued with effect from the close of business as on 28th February, 2003.

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

### (v) Railway Reserve Funds:

(in Crore of Rupees)

	Budget 2003-2004	Revised 2003-2004	Budget 2004-2005
Railway Pension Fund			
Cr.	6544.31	6273.90	6482.57
Dr.	6500.00	6100.00	6400.00
Net	(+) 44.31	(+) 173.90	(+) 82.57
Railway Depreciation Reserve Fund			
Cr.	2171.81	2499.96	2528.13
Dr.	2000.00	2075.00	2120.00
Net	(+) 171.81	(+) 424.96	(+) 408.13

(in Crore of Rupees)

	Budget 2003-2004	Revised 2003-2004	Budget 2004-2005
<b>Railway Development Fund</b>			
Cr.	600.04	736.87	724.27
Dr.	600.00	675.00	715.00
Net	(+) 0.04	(+) 61.87	(+) 9.27
<b>Railway Capital Fund</b>			
Cr.	1.01	1.01	1.08
Dr.	...	...	...
Net	(+) 1.01	(+) 1.01	(+) 1.08
<b>Railway Safety Fund</b>			
Cr.	435.74	435.74	403.74
Dr.	433.00	433.00	401.00
Net	(+) 2.74	(+) 2.74	(+) 2.74
<b>Special Railway Safety Fund</b>			
Cr.	2310.00	2400.00	2933.00
Dr.	2310.66	2350.66	2933.00
Net	(-) 0.66	(+) 49.34	...
<b>TOTAL</b>	<b>(+) 219.25</b>	<b>(+) 713.82</b>	<b>(+) 503.79</b>

(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 2003-2004 is estimated at Rs.6273.90 crore, including Rs. 73.90 crore by way of interest payable by the General Revenues on the balance in the Fund. The withdrawals are estimated at Rs.6100 crore. During 2004-2005 credit is estimated at Rs. 6482.57 crore, including Rs.82.57 crore on account of interest. As against this, the withdrawal is estimated at Rs. 6400 crore.

(b) *Railway Depreciation Reserve Fund*: provides for replacement and renewal of assets including the improvement element. Contribution to the Fund is estimated at Rs. 2499.96 crore in 2003-2004, which is inclusive of Rs. 132.96 crore of interest payable by General Revenues on the balance in the Fund. The outgo from the Fund has been estimated at Rs. 2075.00 crore in 2003-2004. For 2004-2005, credit is estimated at Rs. 2528.13 crore including Rs. 161.13 crore on account of interest. Withdrawal is estimated at Rs. 2120.00 crore.

(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 ACSF 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 to 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 2003-2004, the credit to the Railway Development Fund has been estimated at Rs.736.87 crore comprising Rs.730.00 crore out of the anticipated excess in 2003-2004 and Rs.6.87 crore being the interest payable by the General Revenues on the balance in the Fund. Withdrawal from the Fund during 2003-2004 has been estimated at Rs. 675.00 crore. Credit to the Fund during 2004-2005 is placed at Rs.724.27 crore, Rs. 715.00 crore out of anticipated excess in 2004-2005 and Rs.9.27 crore being the interest payable on the balance in the Fund. The withdrawals during 2004-2005 is estimated at Rs. 715.00 crore for works chargeable to the Fund.

(d) *Railway Capital Fund*: was created in 1992-93 to enable the Railways to utilize 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 2003-2004 is estimated at Rs.1.01 crore which is entirely the interest payable by General Revenues on the balance in the Fund. Credit to the Fund during 2004-2005 is placed at Rs.1.08 crore representing the interest payable on the balance in the Fund. No withdrawal is envisaged in 2003-2004 and 2004-2005.

(e) *Railway Safety Fund*: has been created from 1.4.2001 for financing safety works relating to conversion of unmanned level crossings and for construction of Railway Over/Under Bridges at busy level crossings. The Fund 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 hitherto being made to the Railway Safety Works Fund out of the dividend being paid to the General Revenues. This is a non-interest bearing Fund. Credit to the Fund during 2003-2004 is placed at Rs. 435.74 crore. The withdrawal is estimated at Rs. 433.00 crore. The credit during 2004-2005 is estimated at Rs. 403.74 crore and the withdrawal is estimated at Rs. 401.00 crore.

(f) *Special Railway Safety Fund (SRSF)*: Pursuant to the recommendation of the Railway Safety Review Committee (1998) a Special Railway Safety Fund has been set up in 2001-2002 to wipe out arrears of replacement and renewals of over-aged railway

assets within a fixed time frame of 6 years. For this, as has been agreed by the Government, Rs. 12,000 crore will be provided by the MOF and the balance Rs. 5000 crore will be mobilised by the Railways through levy of safety surcharge on passenger fares. The SRSF is a non-interest bearing Fund.

During 2004-2005, the credit to the Fund is estimated at Rs. 2933 crore, comprising of Rs. 2075 crore being transferred by the General Revenues and Rs. 858 crore being the Railways' share. The withdrawal from the Fund has also been kept at Rs.2933 crore in 2004-2005.

**(iv) International Financial Institutions**

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

(in crore of Rupees)

International Financial Institutions	Budget 2003-2004			Revised 2003-2004			Budget 2004-2005		
	Receipts	Discharges	Net	Receipts	Discharges	Net	Receipts	Discharges	Net
1	2	3	4	5	6	7	8	9	10
1 International Monetary Fund	714.06	...	714.06	1265.49	2598.19	(-)1332.70	...	...	...
2 International Bank for Reconstruction and Development	116.20	53.20	63.00	...	86.50	(-) 86.50	0.01	100.00	(-) 99.99
3 International Development Association	0.01	...	0.01	3.93	...	3.93	0.01	...	0.01
4 International Fund for Agricultural Development	20.00	21.00	(-) 1.00	18.40	19.20	(-) 0.80	23.00	22.75	0.25
5 Asian Development Bank	6.51	...	6.51	40.68	...	40.68	0.01	2.00	(-) 1.99
6 African Development Fund & Bank	9.08	4.36	4.72	9.08	4.30	4.78	9.08	4.12	4.96
<b>Total</b>	<b>865.86</b>	<b>78.56</b>	<b>787.30</b>	<b>1337.58</b>	<b>2708.19</b>	<b>(-)1370.61</b>	<b>32.11</b>	<b>128.87</b>	<b>(-)96.76</b>
<b>S.D.Rs</b>	<b>812.80</b>	<b>807.78</b>	<b>5.02</b>	<b>1342.12</b>	<b>1300.47</b>	<b>41.65</b>	<b>(-)299.89</b>	<b>(-)307.61</b>	<b>7.72</b>

*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. An amount of Rs. 1265.49 crore was paid to IMF on April 30, 2003. In BE 2004-2005, no provision has been made.

On account of repurchase transactions during 2004-2005 necessitated by drawing down of the rupee balances in IMF Account No.1, the rupee securities are required to be encashed to replenish IMF Account No. 1 with RBI. In RE 2003-2004, an amount of Rs. 2598.19 crore has been provided for discharging obligatory expenses (redemption of special securities) under Financial Transaction Plan (FTP) of IMF. In view of the repurchase programme of IMF facility during 1991-93 having been completed, no provision has been made for the purpose in BE 2004-2005 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.

India has already completed repurchases against various facilities drawn by it. Therefore, during 2003-2004, no provision has been made under the head. There is no requirement for any provision in BE for 2004-2005.

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 is 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.1342.12 crore in the Revised Estimate 2003-2004 of which Rs. 1342.12 crore would be contra debited to SDR A/c. The total debits to the head Special Drawing Rights amount to Rs. 1300.47 crore in the Revised Estimates 2003-2004, of which Rs.1300.47 crore would be contra-credited to the SDR Account. During 2004-2005 there will be a credit of Rs. (-) 299.89 crore and a debit of Rs. (-) 307.61 crore.

*International Bank for Reconstruction and Development (IBRD):* A provision of Rs. 116.20 crore was made in BE 2003-2004 on account of Maintenance of Value (MOV). The Government of India has taken a decision to convert MOV obligations in Dollar denominated securities and so MOV payment was not required in the current financial year and would also not be required from next year onwards. Hence, no provision was made in RE 2003-04. However, a token provision of Rs. One lakh has been kept in BE 2004-2005.

Budget Estimate 2003-2004 and RE 2003-2004 included a provision of Rs. 53.20 crore and Rs.86.50 crore respectively towards encashment of securities by IBRD. A provision of Rs.100.00 crore has also been kept in BE 2004-2005 in view of the enhanced encashment demanded by the World Bank.

*International Development Association (IDA):* A provision of Rs. 0.01 crore was made in BE 2003-2004, which has been revised to Rs. 3.93 crores in RE 2003-04. For BE 2004-2005, a token provision of Rs. One lakh has been kept.

For encashment of securities for IDA, no provision was kept for BE 2003-2004 and RE 2003-2004. No provision has also been made in BE 2004-05.

*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 \$ 52 million towards the resources of IFAD till June, 2004. The payments are made by the issue of non-negotiable, non-interest bearing Rupee securities held in favour of IFAD by Reserve Bank of India upto 4th Replenishment. From the 5th Replenishment onwards, the Government of India has made the payment in cash.

*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. As the cash balance with Reserve Bank of India was sufficient to cover the related administrative expenses during the financial year 2003-2004, no provision has been made in BE 2003-2004 and RE 2003-04. A provision of Rs.2 crore has been made in BE 2004-05.

*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 shares of commitments to the capital replenishments of these organisations. Upto ADF VIII replenishments, India has contributed a total amount of Rs. 122.48 crore to the resources of the African Development Fund. India, has more over committed to contribute to ADF-IX of UA 4124340 i.e. Rs. 24.74 crore. This amount is required to be paid in 3 installments. The payment of first and second installment of Rs. 16.50 crore approximately under ADF-IX was also made during 2002-2003 and 2003-2004. On the basis of the present encashment schedule of ADF, securities of Rs. 3.53 crore in 2003-2004 and Rs. 3.35 crore in 2004-2005 are to be encashed.

Upto GCI-IV, India has made subscription of Rs. 5.40 crore to the capital stock of the African Development Bank. 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 in cash and of second, third and fourth instalments of Rs. 3.18 crores had been made in the year, 2000-2001, 2001-2002, 2002-2003 and 2003-2004 respectively in notes encashable on demand in a freely convertible currency to AFDB. Fifth installment of Rs. 0.77 crore approximately will be paid in 2004-2005 to the AFDB in notes encashable on demand in a freely convertible currency.

(vi) **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.

**10. DRAW-DOWN OF CASH BALANCE:** As per RE 2003-04, on account of borrowings in excess of requirement to finance fiscal deficit, net addition of Rs. 10232.24 crore to cash balance was estimated.

BE 2004-05 estimates draw down of the cumulative cash balance of Rs. 13597.22 crore, as per RE 2003-04 to finance fiscal deficit during the year.