

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 2005-06 and between latter and Budget Estimates for 2006-07 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 2005-2006	Revised 2005-2006	Budget 2006-2007
A. Non-debt Receipts			
1 Recoveries of loans & advances	12000.00	11700.00	8000.00
2 Miscellaneous capital receipts	...	2356.00	3840.00
B. Debt Receipts			
3 Market Loans	103836.29	100373.06	113777.64
4 Short term borrowings	6455.00	8526.00	-110.00
5 External Assistance (Net)	9655.84	7514.32	8323.92
6 Securities issued against Small Savings	3010.00	1350.00	3010.00
7 State Provident Funds (Net)	5000.00	5500.00	6000.00
8 Other Receipts (Net)	20047.44	7874.76	17684.07
C. Total Capital Receipts	160004.57	145194.14	160525.63
9 Draw-down of Cash Balance	3139.51	15037.25	...
D. Debt receipts to finance Fiscal Deficit	151144.08	146175.39	148685.63
E. Receipts under MSS (Net)	15019.00	-36981.00	46000.00

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 2005-2006	Revised 2005-2006	Budget 2006-2007
<i>Recoveries from:</i>			
(i) State Governments	9865.96	7891.14	6675.64
(ii) Union Territories (with Legislature)	178.95	86.14	86.14
(iii) Others	1955.09	3722.72	1238.22
(a) Foreign Governments	114.68	83.04	123.40
(b) Public Sector Enterprises, statutory bodies, etc	1840.41	3639.68	1114.82
TOTAL- Recoveries of Loans and Advances	12000.00	11700.00	8000.00
(a) The recoveries from State Governments exclude short-term ways and means advances	1000.00	1000.00	1000.00
(b) The recoveries from Others exclude recoveries from Government servants, etc. which are netted in the Expenditure Budget	525.00	530.00	530.00

(i) **Recoveries from State Governments:** Receipts from State Governments are estimated to decline in RE 2005-06 and BE 2006-07 due to the impact of the debt consolidation under the Twelfth Finance Commission award.

(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. Receipts from Public Sector Enterprises, statutory bodies, etc. in RE 2005-06 include an amount of Rs. 2000.00 crore from pre-payment of loan by Bharat Sanchar Nigam Limited. The broad details are:-

(in crore of Rupees)

	Budget 2005-2006	Revised 2005-2006	Budget 2006-2007
(a) Foreign Governments	114.68	83.04	123.40
(b) Public Sector Enterprises, statutory bodies, etc.	1840.41	3639.68	1114.82
Total	1955.09	3722.72	1238.22

2. MISCELLANEOUS CAPITAL RECEIPTS

The receipts of Rs. 2356 crore in RE 2005-06 is on account of sale of residual equity holding in Maruti Udyog Limited and BALCO. The receipts on account of partial disinvestment of Government equity in CPSEs in BE 2006-07 have been assumed at Rs. 3840 crore. These estimates pertain to National Mineral Development Corporation Limited (NMDC) and Power Finance Corporation Limited (PFC) and are based on book value as on 31.3.2005.

Government has constituted a "National Investment Fund" (NIF) into which the proceeds from disinvestment of Government equity in select CPSEs would be channelised. The NIF would be maintained outside the Consolidated Fund of India and would be professionally managed by selected Public Sector Mutual Funds to provide sustainable returns without depleting the corpus.

Provision for transfer of receipts in BE 2006-07 to NIF and thereafter to fund managers have been made in Demand No. 44 pertaining to Department of Disinvestment. The transactions have been so accounted as to make these deficit neutral.

3. MARKET LOANS

Government of India raises its market loans under the Scheme of Sale of Dated Government Securities by Auction started in 1992-93. These auctions are conducted by the Reserve Bank of India, as debt manager to the Central Government. This Scheme marked a departure from the practice followed earlier in raising market loans by issuing loans at specified interest rates. Under the Scheme, 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 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 the Central Government through issue of dated securities in 2006-07 is estimated to be Rs. 152856.48 crore, including repayment of Rs. 39078.84 crore.

During Financial Year 2005-06 (upto February 23, 2006), gross market borrowing of Rs. 121000 crore through issue of dated securities has been completed. No FRBs have been issued during the current year.

BUDGET ESTIMATES 2005-2006

The following market loans with outstanding balance indicated against each are due for discharge in 2006-07:

(in crore of Rupees)

1.	11.68% Government Stock, 2006	7500.00
2.	11.75% Government Stock, 2006	9000.00
3.	11.50% Loan, 2006	5259.55
4.	6.75% Loan, 2006	788.78
5.	13.85% Government Stock, 2006	4130.00
6.	11.00% Government Stock, 2006	3000.00
7.	11.25% Loan, 2006	109.59
8.	13.85 % Government Stock, 2006	1700.00
9.	11.50% Loan, 2006 (Second Series)	26.02
10.	Government of India Floating Rate Bonds, 2006	2000.00
11.	13.65% Government Stock, 2007	1000.00
12.	12.50 % Loan, 2007	1064.90
	Total	35578.84
Add:		
13.	4.83% Government Stock, 2006*	3500.00
	Grand Total	39078.84

* Special Securities converted into Marketable Securities.

The following dated security issued under MSS is also due for discharge in 2006-07, the expenditure for which would be met out of the separate MSS cash balance held with RBI.

(in crore of Rupees)

4.83% Government Stock 2006

5000.00

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 Annex. 4A.

4. SHORT TERM BORROWINGS (364/182/91 DAYS TREASURY BILLS):

The treasury bills offer short-form investment opportunity to financial institution, banks, etc. primarily, these are issued both under the normal borrowing programme of the Government and Market Stabilization Scheme (MSS). 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 has been raised from Rs.250 crore to Rs.500 crore during 2003-04. 182 days treasury bills, with notified amount of Rs.500 crore for fortnightly auction were reintroduced during in Financial Year 2005-06.

Central Government also issues 14 days Intermediate Treasury Bills for deployment of short term cash surpluses by State Government. However, no receipt is estimated on this account. During 2005-06 investment in 14 days Treasury Bills has been unusually high on account of large surplus cash balance of State Governments.

During 2006-07 on account of unchanged notified auction amount a marginal net out go of Rs. 110 crore is estimated.

5. EXTERNAL ASSISTANCE

Budget 2006-07 assumed a gross receipt of Rs.16064.75crore and repayment of Rs. 7740.83 crore, resulting in net external assistance (excluding external grants) of Rs.8323.92 crore.

The net receipt from external assistance is placed at Rs.7514.32 crore at RE 2005-06.

A summary of estimates of receipts of external assistance and repayment of the principal in 2005-2006 and in 2006-2007 is given below:

(in crore of Rupees)

	Budget 2005-2006	Revised 2005-2006	Budget 2006-2007
A. Receipts			
(i) External loans	16384.48	14540.58	16064.75
(ii) Receipts under Revolving fund	800.00	...	...
Total Receipts	17184.48	14540.58	16064.75
B. Repayments	(-)7528.64	(-)7026.26	(-)7740.83
Net receipts	9655.84	7514.32	8323.92

Further details are given in Annex 2 to this document.

6. (I) 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, Senior Citizens Savings Scheme, National Savings Certificate (VIII-Issue), Kisan Vikas Patra and Public Provident Fund.

The Senior Citizens Savings Scheme was introduced with effect from 2nd August, 2004. The scheme is available at post offices and designated banks. Persons of 60 years of age and above and retired employees of 55 years of age who are not yet 60 years are eligible to open deposits under the scheme. The deposits are subject to a maximum ceiling of Rs. 15 lakh per individual (limited to retirement benefits in case of eligible retired employees below 60 years of age) and earn interest at the rate of nine per cent per annum paid on a quarterly basis.

The principal Acts under which the small savings schemes are being operated, have been amended through the Finance Act, 2005 so as to allow investment in these schemes by individuals only. Consequently, the relevant rules also stand amended to this effect from 13th May, 2005.

National Small Savings Fund:

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 the 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. The liability of outstanding balances under various small savings schemes at the close of 31st March, 1999 was borne by the Central Government by treating the same as investment of NSSF in special Central Government securities. The net small savings collections (deposits minus withdrawals by the subscribers) from 1999-2000 to 2001-02 were shared by Central and State Governments through

investment in special securities issued as per their respective share. However, with effect from 1st April 2002, the entire net collections in a State/Union Territory (with legislature) are being invested in special securities issued by the concerned State/ Union Territory Government. The sums received in NSSF on redemption of special securities are being reinvested in special Central Government securities. The debt servicing of Central/State 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.

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

Interest at the rate of 9.50 per cent per annum is payable on the special securities issued by State/UT Governments since 1st April, 2003 against their share of net collections.

Impact of Debt Swap Scheme on NSSF :

A debt swap scheme was implemented from 2002-03 to 2004-05 to facilitate State Governments to swap their high cost debt owed to Government of India with additional open market borrowings and a part of 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 open market borrowings. During 2003-04, high cost loans amounting to Rs. 46,211 crore were swapped with 30 per cent of small savings transfers and additional open market borrowings during the year. Similarly, loans amounting to Rs. 43,675 crore have been swapped during 2004-05 using 40% of the small savings share and additional open market borrowings. Out of the total receipts of Rs. 1,03,652 crore from the Debt Swap Scheme, an amount of Rs. 92,652 crore was used by the Central Government to repay its liabilities to the NSSF. The Fund in turn, has reinvested the amount received from such redemption in fresh special Central Government 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.

(ii) The details about various components of National Small Savings Fund (viz: Receipts, Disbursements, Investments, Income and Expenditure of NSSF) are tabulated in **Annexure-8**.

Table-I
SOURCES AND APPLICATION OF NATIONAL SMALL SAVINGS FUND AS ON 31ST MARCH, 2006

(In Crore of Rupees)

Particulars	Actuals 2004-2005 (Provisional)	2005-06 (R.E.)	2006-07 (B.E.)
A. SOURCES OF FUNDS			
DEPOSITS UNDER SMALL SAVINGS SCHEMES			
Savings Deposits			
Liabilities outstanding as on 1st April	188906.86	256683.86	323783.86
Accretion to liabilities during the year	67777.00	67100.00	64350.00
Savings Certificates			
Liabilities outstanding as on 1st April	174563.42	191892.75	201792.75
Accretion to liabilities during the year	17329.33	9900.00	15050.00
Public Provident Fund			
Liabilities outstanding as on 1st April	71771.49	83453.50	96153.50
Accretion to liabilities during the year	11682.01	12700.00	11000.00
Total Deposits	532030.11	621730.11	712130.11
B. APPLICATION OF FUNDS			
(i) Investment in Central Government Special Securities against outstanding balance as on 31.3.1999			
Investment as on 1st April	116244.19	83569.19	83569.19
Less: Redemption of securities during the year	(-) 32675.00	...	...
(ii) Investment in Central Government Special Securities against collections from 1.4.1999			
Investment as on 1st April	26049.69	26049.69	25599.69
Additional investment during the year	...	...	...
Less: Redemption of securities during the year	...	(-) 450.00	(-) 865.00
(iii) Investment in Special State Government Securities against collections from 1.4.1999			
Investment as on 1st April	215123.29	302813.23	391263.23
Additional investment during the year	87689.94	89800.00	86500.00
Less: Redemption of securities during the year	...	(-) 1350.00	(-) 3010.00

(In Crore of Rupees)

Particulars	Actuals 2004-2005 (Provisional)	2005-06 (R.E.)	2006-07 (B.E.)
(iv) Re-investment in Central Government Special Securities out of the sums received on redemption of securities			
Investment as on 1st April	59976.73	92651.73	94451.73
Additional investment during the year	32675.00	1800.00	3875.00
Less: Redemption of securities during the year	...	...	...
Total Investment	505083.84	594883.84	681383.84
Accumulated Balance Income/Expenditure Account*	11552.45	18784.31	22035.84
Cash Balance	15393.82	8061.96	8710.43
TOTAL	532030.11	621730.11	712130.11

* Reconciled with Union Finance Accounts for the years upto 2003-04.

(II) 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, were also being run by the Central Government. Fresh deposits under both these schemes have been stopped with effect from the 10th July, 2004. Also, no interest accrues on the deposits in the existing accounts under these schemes on completion of the maturity period of three years on or after 13th September, 2004. Budgetary Estimates of collections under these schemes are shown in Table-II below.

Table II

(In Crore of Rupees)

	Actuals 2004-05 (Provisional)	RE 2005-06	BE 2006-07
GROSS	...	50#	...
NET	(-) 600	(-) 450	(-) 500

represents the amounts of periodical interest not drawn by the subscribers and credited to their accounts.

7. OTHER RECEIPTS

(i) **8% Savings (Taxable) Bonds, 2003** were introduced w.e.f. 21st April, 2003 to enable resident citizens/charitable institutions/University etc. 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.

(ii) **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 Scheme has been discontinued with effect from close of business on July 9, 2004.

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

(iii) Railway Reserve Funds:

(in Crore of Rupees)

	Budget 2005-06	Revised 2005-06	Budget 2006-07
Railway Pension Fund			
Cr.	7150.03	7144.86	7991.28
Dr.	7150.00	7350.00	7900.00
Net	(+) 0.03	(-) 205.14	(+) 91.28
Railway Depreciation Reserve Fund			
Cr.	3982.07	3950.26	4696.50
Dr.	2650.00	3026.00	4247.00
Net	(+) 1332.07	(+) 924.26	(+) 449.50
Railway Development Fund			
Cr.	1959.38	2024.55	1147.23
Dr.	1200.19	1216.00	1613.00
Net	(+) 759.19	(+) 808.55	(-) 465.77

(in Crore of Rupees)

	Budget 2005-06	Revised 2005-06	Budget 2006-07
Railway Capital Fund			
Cr.	1.15	4199.67	5595.08
Dr.	...	2433.59	4009.00
Net	(+) 1.15	(+) 1766.08	(+) 1586.08
Railway Safety Fund			
Cr.	713.55	713.38	713.43
Dr.	710.81	710.81	710.86
Net	(+) 2.74	(+) 2.57	(+) 2.57
Special Railway Safety Fund			
Cr.	3522.00	3209.00	2115.00
Dr.	3522.00	3010.00	2240.00
Net	...	(+) 199.00	(-) 125.00
TOTAL	(+) 2095.18	(+) 3495.32	(+) 1538.66

(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 2005-2006 is estimated at Rs.7144.86 crore, including Rs.94.86 crore by way of interest payable by the General Revenues on the balance in the Fund. The withdrawals are estimated at Rs.7350.00 crore. During 2006-2007 credit is estimated at Rs.7991.28 crore, including Rs.91.28 crore on account of interest. As against this, the withdrawal is estimated at Rs.7900 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.3950.26 crore in 2005-2006, which is inclusive of Rs.246.26 crore of interest payable by General Revenues on the balance in the Fund. The outgo from the Fund has been estimated at Rs.3026.00 crore in 2005-2006. For 2006-2007, credit is estimated at Rs.4696.50 crore including Rs.289.50 crore on account of interest. Withdrawal is estimated at Rs.4247 crore.

(c) *Railway Development Fund*: set up in 1950, the Fund is used for meeting expenditure on passengers and users' amenities, labour welfare works, unremunerative operating improvements and safety works. 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 from 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 2005-2006, the credit to the Railway Development Fund has been estimated at Rs.2024.55 crore comprising Rs.1852.98 crore out of the anticipated excess and Rs.171.57 crore being the interest payable by the General Revenues on the balance in the Fund. Withdrawal from the Fund during 2005-2006 has been estimated at Rs.1216.00 crore. Credit to the Fund during 2006-2007 is placed at Rs.1147.23 crore, made up of Rs.960.00 crore out of anticipated excess and Rs.187.23 crore being the interest payable on the balance in the Fund. The withdrawal during 2006-2007 is estimated at Rs.1613.00 crore for 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. Credit to the Fund in 2005-2006 is estimated at Rs.4199.67 crore including Rs.56.62 crore on account of interest whereas the outgo from the Fund has been estimated at Rs.2433.59 crore. In 2006-07, this Fund will be credited with Rs.5595.08 crore including Rs.162.14 crore of interest payable on the balance in the Fund whereas withdrawal is estimated at Rs.4009.00 crore in this year.

(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 is mainly financed through 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 2005-2006 is placed at Rs.713.38 crore. The withdrawal is estimated at Rs.710.81 crore. The credit during 2006-2007 is estimated at Rs.713.43 crore and the withdrawal is estimated at Rs.710.86 crore.

(f) *Special Railway Safety Fund (SRSF)*: was set up with effect from 2001-02, pursuant to the recommendation of the Railway Safety Review Committee (1998), 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.12000 crore will be provided by the Ministry of Finance and the balance Rs.5000 crore will be mobilised by the Railways through levy of safety surcharge on passenger fares. The short fall in collection of safety surcharge is being made good by the Railways out of its revenues. The SRSF is a non-interest bearing Fund.

An amount of Rs.3209 crore, representing Rs.2499 crore received from the General Revenues and Rs.710 crore being the Railways' share is being credited to the Fund in the year 2005-06. The outgo from the fund has also been placed at the level of Rs.3010 crore. During 2006-2007, the credit to the Fund is estimated at Rs.2115 crore, comprising Rs.1365 crore being transferred by the General Revenues and Rs.750 crore being the Railways' share. The withdrawal from the Fund has been kept at Rs. 2240 crore in 2006-2007.

(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 2005-06			Revised 2005-06			Budget 2006-07		
	Receipts	Discharges	Net	Receipts	Discharges	Net	Receipts	Discharges	Net
1	2	3	4	5	6	7	8	9	10
1. International Monetary Fund	357.14	...	357.14	595.02	220.50	374.52	0.01	...	0.01
2. International Bank for Reconstruction and Development	0.01	100.00	(-) 99.99	...	100.00	(-) 100.00	...	100.00	(-) 100.00
3. International Development Association	...	...	...	5.14	...	5.14	...	...	...
4. Asian Development Bank	0.01	9.20	(-) 9.19	...	10.06	(-) 10.06	...	9.62	(-) 9.62
5. African Development Fund & Bank	0.85	6.42	(-) 5.57	12.81	21.38	(-) 8.57	12.79	18.36	(-) 5.57
6. Multilateral Investment Guarantee Agency (MIGA)	0.01	...	0.01	...	...	...	...	...	...
Total	358.02	115.62	242.40	612.97	351.94	261.03	12.80	127.98	(-) 115.18
S.D.Rs	442.68	442.91	(-) 0.23	716.48	681.97	34.51	126.67	121.56	5.11

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. In BE 2006-2007, a token provision of Rs. one lakh has been made.

On account of repurchase transactions during 2005-2006 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 2005-2006, an amount of Rs.220.50 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 2006-2007 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 has 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.

IMF 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 2005-2006, no provision was made under the head. There is no requirement for any provision in BE for 2006-2007.

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.716.48 crore in the Revised Estimate 2005-2006 of which Rs. 716.48 crore would be contra debited to SDR A/c. The total debits to the head Special Drawing Rights amount to Rs. 681.97 crore in the Revised Estimates 2005-2006, of which Rs.681.97 crore would be contra-credited to the SDR Account. During 2006-2007 there will be a credit of Rs.126.67 crore and a debit of Rs.121.56 crore.

International Bank for Reconstruction and Development (IBRD): With the conversion of maintenance of value (MOV) obligation into Special Dollar Denomination securities, no provision is required to be made in BE 2006-2007.

Budget Estimate 2005-2006 and RE 2005-2006 included a provision of Rs.100.00 crore towards encashment of securities by IBRD. Similar provision of Rs.100.00 crore has also been kept in BE 2006-2007.

International Development Association (IDA): A provision of Rs. 5.14 crore has been made in RE 2005-2006, towards India's contribution to the IDA-14 Replenishment. For BE 2006-2007, no provision has been made.

For encashment of securities for IDA, no provision was made in 2005-2006. Similarly, no provision has been made in BE 2006-07.

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 September, 2005. 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. A provision of Rs.9.20 crore has been made in BE 2005-06 and RE 2005-2006 and BE 2006-2007 has been kept at Rs.10.06 crore and Rs.9.62 crore respectively.

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 X replenishments, (1st instalment), India has contributed a total amount of Rs.159.19 crore to the resources of the African Development Fund. On the basis of the present encashment schedule of ADF, securities of Rs. 20.535 crore in 2005-06 and Rs. 17.517 crore in 2006-2007 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 installments. The payment of I, II, III, IV, V and VI installments totalling Rs. 4.762 crore have been made in the years, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005 and 2005-2006 in notes encashable on demand in a freely convertible currency to AFDB.

Multilateral Investment Guarantee Agency (MIGA): No payment is envisaged in 2005-2006 and 2006-2007 for encashment of security created in favour of Multilateral Investment Guarantee Agency (MIGA).

(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.