

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5150
ANSWERED ON:25.04.2003
FOREIGN FUNDING AGENCIES
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the foreign financial institutions which are funding the projects in various States are imposing terms and conditions for utilisation of the funds;
- (b) if so, whether any such report has been made by any State Government to the Union Government; and
- (c) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

- (a) The foreign financial institutions are providing credit / loan to the Government on their usual terms and conditions. These terms are mentioned in the annexed Statement.
- (b) No, Sir.
- (c) Does not arise in view of reply to part (b) above.

ANNEXURE

(REFERRED TO IN REPLY TO LOK SABHA UNSTARRED QUESTION NO. 5150 DATED 25.4.2003)

GENERAL TERMS AND CONDITIONS OF LOANS FROM FOREIGN FINANCIAL INSTITUTIONS

Sl. No.	Source	Currency	Type of Loan (Conc./Mixed)	Grace Period	Period of Repayment	Current Rate of	Commitment Charges on
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(Years) Period	after Grace (in %)	Interest Loan Amount	Undisbursed Loan Amount
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(Years)	(in %)
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1.	I.B.R.D.	US Dollar	Semi- -Concessional	5	15	Variable#	0.75
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REMARKS:

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(i) Interest-Variable every 6 months.

(a) Currency Pooled Loans (VLR-1989)

Interest rate is determined based on the cost of qualified borrowings plus a spread.
The lending rate applicable for the period from 01-07-2002 to 31-12-2002 is as under:-

Loans for which invitation for negotiation was issued prior to 31.07.1998	5.02% p.a. (includes spread of 50 basis points)
Loans for which invitation for negotiation was issued after 31.7.1998	5.27% p.a. (includes a spread of 75 basis points)

(b) US \$ Floating Rate Single Currency Loans

Interest rate is determined based on 6 month LIBOR rate plus a variable spread.
The rate applicable for interest payment date beginning 15-02-2003 to 14-8-2003 is as follows:-

Loans for which invitation for negotiation was issued prior to 31-07-1998	1.55% p.a. (with a spread of 21 basis points)
Loans for which invitation for negotiation was issued on or after 31-07-1998	1.79% p.a. (with a spread of 45 basis points)

(ii) Commitment Charges payable on the undisbursed loan amount at 0.75% Bank have been notifying waiver of 0.50% since July, 1991.

(iii) Front End Fee - 1% (one time payment) of the loan amount is payable in respect of loans negotiated after 31-7-1998.

(iv) Interest Waiver for Prompt Payment - As notified by Bank, the waiver applicable for 2001 is as under :-
Loans for which invitation to negotiation was issued prior to 31-07-1998 0.15%

Loans for which invitation to negotiation was issued after 31-07-1998 0.25%

2. I.D.A. S.D.R. Concessional 10 25 0.75 0.50

REMARKS:

(i) In respect of credits finalised till July 1988, the repayment period was 50 years including a grace period of 10 years. IDA credits presently enjoy a grace period of 10 years with a repayment period of 25 years.

(ii) Commitment charge payable at 0.50% on the undisbursed credits are being fully waived by Bank since 1989-90.

(iii) 0.75% shown under Interest Column is termed as Service Charge.

3. I.F.A.D. S.D.R. Concessional 10 40 0.75

REMARKS:

The payment of 0.75% shown under Interest Column is termed as Service Charge.

4. A.D.B. US Dollar Semi-Concessional 3 to 5 20 Variable # 0.75

REMARKS: # Interest - Variable every six months. The interest rate is determined based on average cost of preceding six months of the respective pools of outstanding borrowings established to fund such loans. The lending rate for the period 1-6-2002 to 31-12-2002 is 6.34% on single currency US \$ loans and 3.91% in respect of multi-currency loans.

Commitment Charge - 0.75% on undisbursed loan amounts. However, the undisbursed amount is reckoned on a graded basis in respect of project loans. For programme loans it is on the entire loan amount.