

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:1393
ANSWERED ON:10.12.2003
PRE-PAYING DEBT BY JNPT
AMBATI BRAHMANAIAH

Will the Minister of SHIPPING be pleased to state:

- (a) whether the JNPT has been authorised to raise a huge loan from the market to pre-pay certain debts;
- (b) if so, the details of permission given to the JNPT for the same;
- (c) the reasons for pre-paying the World Bank loan by the Port Trust;
- (d) whether loans will be available at a low rate in the open market;
- (e) if so, the details thereof; and
- (f) the problems associated with taking World Bank debt for investments?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI DILIPKUMAR MANSUKHLAL GANDHI)

- (a) to (e): Yes, Sir. Jawaharlal Nehru Port Trust (JNPT) has been authorized to raise Rs.450 crores to pre-pay principal amount of loan balance as on 31.3.2003 to Government of India/World Bank, through commercial borrowings at lower rate of interest. The existing loan carries a higher rate of interest and it is expected that the port will be able to borrow the funds at 5 to 6 per cent interest rate.
- (f) Initial loan of Rs. 328.16 crores was taken from World Bank at 11.5 % (the then prevailing rate) for funding the port project alongwith loan from other agencies like Mumbai Port, Kandla Port and budgetary support from Government of India. The present decision of pre-paying World Bank loan is only to save on the debt servicing cost due to reduction in the lending rates. It is purely a commercial decision based on the current financial trends.