

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:184
ANSWERED ON:04.08.2000
IDFC ASSISTANCE TO PROJECTS
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Will the Minister of FINANCE be pleased to state:

- (a) the number of projects approved by the IDFC for financial assistance during the last three years;
- (b) the details of the financial assistance provided for these projects during the above period, year-wise; (G) whether these projects are running according to the scheduled programme for completion;
- (d) if not, the reasons therefor; and
- (e) the steps taken by the Government to complete these projects as per schedule?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) and (b) IDFC has so far sanctioned 34 projects upto March 31, 2000 and has approved aggregate financial assistance of Rs. 3843 crores against these projects. The year-wise break up of the projects sanctioned and the financial assistance approved is-as follows :

Year	No. of Projects sanctioned	(Rs. crore)	Approvals Approved
1997-98	02	295	
1998-99	12	1682	
1999-2000	20	1866	
Total	34	3843	

(c) to (e) Out of the 34 projects sanctioned by the IDFC, 24 projects are in operation or are under implementation. Some of the projects are not progressing according to the schedule owing to reasons, which, inter-alia include : (i) financial closure not having been reached due to inability of the companies to tie up the means of financing including arranging equity; (ii) failure to comply with the requisite conditions necessary for documentation and disbursement; (iii) inability to arrange security required for financing of the project in accordance with the requirements of the sector, and (iv) attempts by companies to negotiate finer rates of interest.

IDFC promotes the growth of private capital flows for infrastructure project on a commercially viable basis. These projects are private projects and the decision regarding financing of a particular economic activity or granting of loans to a project is taken by the financial institutions based on their commercial judgement and the lending policy laid down by the respective boards within the framework of prudential regulations and exposure norms prescribed by RBI from time to time. The Government acts as a facilitator to create environment conducive to growth of private capital flows into infrastructure. Some of the measures which have been taken to facilitate timely implementation of projects and promote private capital flows into infrastructure sector are : (a) uniform tax holiday of fifteen years for all infrastructure projects, (b) rationalization of import duty structure for project imports, (c) Crisis Resolution Group has been constituted under the chairmanship of Minister of Power to address issues relating to the power sector projects, (d) Draft Electricity Bill has been prepared and circulated to the State Governments, (e) alternative approaches have been adopted for private sector participation in highway projects, (f) model concession agreement has been adopted for small road projects, (g) independent regulatory framework has been established in most infrastructure sectors and greater operational and commercial autonomy granted to existing public entities in these sectors, and (h) programme for corporatisation of public sector service providers in the areas of telecommunications, ports and airports.