

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2747
ANSWERED ON:17.12.2004
NON BANKING FINANCE COMPANY
Gadhavi Shri Pushpdan Shambhudan

Will the Minister of FINANCE be pleased to state:

- (a) whether there is any shortage of low interest long term funds for infrastructure projects in the country;
- (b) whether any restrictions have been in force against non-banking financial institutions, funding such projects;
- (c) if so, the details of the regulations;
- (d) whether a number of infrastructure projects are held up for want of financing;
- (e) whether low interest funds are available through NBF;
- (f) whether any application for permission by NBFIs for infrastructure projects are pending with the Government; and
- (g) if so, the present status thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): No, Sir.

(b) & (c): The Reserve Bank of India (RBI) has prescribed prudential exposure norms, which limit exposure to a project company/group and are applicable to non-banking financial institutions also. For infrastructure projects, RBI prudential exposure norm for a company is 20% of total regulatory capital and for a group it is 50% of total regulatory capital. In the context of IDFC, total regulatory capital includes net-worth and sub-debt.

(d) & (e): No, Sir. No case has so far come to the notice of Government which is held up for want of funds which are available in the market at competitive rates. (f): The RBI has no specific information in this regard.

(g): Does not arise.