

**GOVERNMENT OF INDIA
ROAD TRANSPORT AND HIGHWAYS
LOK SABHA**

UNSTARRED QUESTION NO:1907
ANSWERED ON:26.03.2012
RAISING OF MONEY THROUGH BONDS
Jindal Shri Naveen

Will the Minister of ROAD TRANSPORT AND HIGHWAYS be pleased to state:

- (a) whether the National Highways Authority of India (NHAI) has recently raised money from Public by issuing tax-free bonds to retail, High Net-worth Investors (HNIs) and Qualified Institutional Buyers (QIBs);
- (b) if so, the details thereof, category-wise;
- (c) the details of commissions in percentage paid to the bond managers for each of these categories;
- (d) whether the commissions paid were comparatively much higher than those being usually paid by the Department of Disinvestment during the public issues; and
- (e) if so, the details thereof and the reasons for paying such high rates of commission?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (SHRI JITIN PRASADA)

- (a) and (b) Yes, Madam. The National Highways Authority of India (NHAI) has recently raised an amount of Rs. 10,000 crores by issuing tax-free bonds of which Rs. 1,547.87 crores came from the retail, Rs 4,452.13 crores came from the High Net-worth Investors (HNIs) and Rs. 4,000 crores came from the Qualified Institutional Buyers (QIBs).
- (c) No commission to the Lead Managers has so far been paid. However, a commission of 0.82% and 1.08% plus service tax have been authorized to them for QIBs and the other two categories respectively and will be reimbursed to them on receipt of the proof of remittance of the same to the Government account.
- (d) and (e) Public issue by Department of Disinvestment and public issue of tax free bonds are two different processes. The brokerage agreed with the Lead Managers alongwith other expenses are within the ceiling fixed by the Ministry of Finance. Ministry of Finance, Department of Revenue authorized commission on the issue of tax free bonds with a cap of maximum of a flat fee of 1.25% of the issue size.