

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1941
ANSWERED ON:17.07.2009
FINANCING OF NTPC PROJECTS
Patel Shri Kishanbhai Vestabhai

Will the Minister of FINANCE be pleased to state:

- (a): whether State Bank of India (SBI) has received any proposal to finance any of the National Thermal Power Corporation (NTPC) projects which are in the pipeline;
- (b): if so, the details thereof;
- (c): the terms and conditions fixed between the SBI and NTPC for the above loan;and
- (d): the name of the NTPC projects proposes to be assisted by the said loan?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) and (b): At present, there is no proposal in the pipeline for financing any specific project of NTPC. However, SBI has sanctioned a term loan of Rs.8500 crores in favour of NTPC on 26.03.2009 to be disbursed over a period of next three years for ongoing CAPEX as well as for repairs and maintenance.

(c) and (d): The tenor of the term loan of Rs.8500 crores is ten years (3 years disbursement + 7 years repayment). The loan, with a debt equity of 70:30, is unsecured and against the negative lien on fixed assets of the company. The loan carries a rate of interest of 1,75% below SBAR, present effective rate 10% p.a. with an upfront fee of 0.25% of the loan amount.

The company proposes to add 16430 MW of capacity during the next four years entailing capex of Rs.81,837 crores with company's contribution at 30%. The term loan, which is on the balance sheet of the company and not project specific, has been sanctioned to fund part of the ongoing capex as well as renovation and modernization of existing power projects.