

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1599

ANSWERED ON:13.12.2013

LOAN FOR DMIC

Adhalrao Patil Shri Shivaji; Dharmshi Shri Babar Gajanan; Yadav Shri Dharmendra

**Will the Minister of FINANCE be pleased to state:**

(a) whether Japan Government has proposed to offer a 40 year loan at an interest rate of 0.1% for the Delhi-Mumbai Industrial Corridor (DMIC);

(b) if so, the details thereof;

(c) whether there is any opposition from any quarter against the said loan and if so, the details thereof and the reasons therefor along with the reaction of the Government thereto; and

(d) the steps taken or proposed to be taken by the Government in the matter and the present status of the project?

**Answer**

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

A statement is placed below for (a) to (d),

Government of Japan has offered a special facility of US \$1.5 billion Official Development Assistance (ODA) for DMICDC projects over and above the regular ODA.

The Government of Japan offers both untied and tied loans under its ODA. The Special Term for Economic Partnership (STEP) are tied loans. The interest rate for STEP loans is 0.1% per annum (Yen denominated) with repayment period of 40 years. STEP conditions include:

# For goods, services and consulting, the prime contractor shall be a Japanese company;

# Not less than thirty percent (30%) of the total price of contract(s) (excluding consulting services) shall be accounted for by either (i) goods from Japan and services provided by a Japanese company (ies), or (ii) goods from Japan only, depending on the nature of the project.

As a matter of policy, Government of India does not accept tied aid. The only STEP loan taken so far is for Western Dedicated Freight Corridor Project (WDFC) as an exception. The project implementation for WDFC has faced challenges in terms of price discovery, adequate competition and meeting project timelines because of the restrictive nature of tendering.

Four projects of DM1CDC having a total project cost of Rs.6459.37 Crore (approximately US\$ 1.04 bin.) have already been included in the Special Roiling Plan for the US\$ 1.5 billion ODA facility and shared with Government of Japan. The overall perspective plan for the entire DMIC Region has been completed. Along with the planning, as part of each city, certain model initiatives called early bird projects within or in the vicinity of the DMIC city have also been taken up on the recommendation of the State Governments. The State Governments have initiated the process of land pooling/ procurement/ acquisition for the new industrial regions/ areas as well as for the Early Bird Projects. DMIC Trust has approved nine projects for investment by Trust and further action is in progress.