

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:726
ANSWERED ON:05.12.2003
FUNDS FROM INDIAN MARKET BY ADB AND IFC
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Will the Minister of FINANCE be pleased to state:

- (a) whether India is considering to allow multilateral bodies like Asian Development Bank and International Finance Corporation to raise funds from the Indian Market through debt securities;
- (b) whether the Government propose to make it obligatory on these bodies to use the funds so raised within India;
- (c) whether any guidelines have been drawn up in this regard; and
- (d) If so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) & (b) :Government of India has permitted the Asian Development Bank(ADB), International Bank for Reconstruction and Development (IBRD) and International Finance Corporation (IFC) to raise funds from the Indian Market through debt securities. The funds raised by these organisations will be used in the Indian markets. However, they have also been permitted forex swaps subject to conditions.

(c) & (d) :Some of the terms and conditions for the Rupee Bond issue are : minimummaturity period of 10 years, bond subject to 20% risk weightage at par with bonds issued by the All India Financial Institutions, immunity from collection and payments of tax subject to prescribed conditions, specific clearance for each issue, permission to roll over the bond within the annual ceiling prescribed, permission to swap the rupee funds to foreign exchange with market counter parties based in India, exchange of proceeds of the bonds permitted subject to prescribed conditions, waiver of separate domestic credit rating, listing on NSE/BSE.