

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2990
ANSWERED ON:02.08.2002
FUNDS FOR IRRIGATION AND WATER SUPPLY PROJECTS
JAYABEN B. THAKKAR;PUSHPDAN SHAMBHUDAN GADHAVI

Will the Minister of FINANCE be pleased to state:

- (a) whether the funds required for irrigation and water supply projects are often large;
- (b) if so, whether the infrastructure finance is governed by the Reserve Bank of India and current exposure limit of Bank/ Financial Institutions to a single borrower is 25 per cent of its capital fund and 50 per cent to group of borrowers;
- (c) if so, whether the Gujarat Government represented in May, 2001 to Union Government for upward revision upto 40 per cent of exposure norms for irrigation and water supply projects;
- (d) if so, whether the decision for upward revision has been taken by the Union Government; and
- (e) if not, the reasons for delay?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

- (a): Yes, Sir
- (b): As per extant guidelines of Reserve Bank of India (RBI), the credit exposure limit for commercial banks in case of financing infrastructure project is 25 % and 50% of its capital funds for individual and group borrowers respectively.
- (c), (d) & (e): Yes, Sir. Government of Gujarat had requested the Union Government for upward revision of exposure limit for irrigation and water projects to 40% of capital funds for a single borrower.. The proposal was examined by RBI and it was decided to retain the existing exposure norms. However, commercial banks could approach RBI for exceeding the exposure limits and the proposal would be examined by RBI on a specific request on a case-by-case basis purely on the merits of each case.