

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4190
ANSWERED ON:18.08.2000
NEW METHOD FOR FUNDING INFRASTRUCTURE
VSM (RETD.) COL. CHOUDHARY

Will the Minister of FINANCE be pleased to state:

- (a) whether RBI has decided to provide new methods for funding infrastructure;
- (b) if so, whether any concrete proposal in this regard have been worked out by the RBI;
- (c) if so, the details thereof; and
- (d) the time by which it is likely to be introduced ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH) :

(a) to (d) Reserve Bank of India (RBI) has reported that the Bank has not formulated any new method for financing infrastructure projects. However, the RBI has issued operational guidelines in April, 1999 addressing important aspects involved in the financing of infrastructure projects and advising banks and financial institutions to sanction term loans for technically feasible, financially viable and bankable projects subject to prescribed criteria. To accelerate flow of institutional credit to infrastructure projects, the RBI has dispensed with the stipulation regarding ceiling on the quantum of term loan which can be granted by banks for a single project (Rs. 1000 crore for power projects and Rs. 500 crore for other projects). The banks are permitted to exceed the group exposure norms of 50%, to the extent of 10%, provided the additional exposure is for the purpose of financing infrastructure projects.