

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:692

ANSWERED ON:02.03.2007

BONDS OF A.D.B.

Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Singh Shri Kirti Vardhan

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

- (a) whether the Asian Development Bank (ADB) has sought Government permission to raise funds through issue of bonds in India;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has discussed the modalities for utilization of those funds; and
- (d) if so, the details thereof and the time by which these bonds are likely to be issued?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) and (b) Yes, Sir. Asian Development Bank has sought approval for local currency funding for private sector infrastructure projects.
- (c) and (d) The funds within the limit of Rs. 29.75 billion would be raised flexibly by ADB either through Rupee bond issue in India or through the swap route. These funds would be raised for infrastructure projects only. If ADB proposes to use the swap route to bring in foreign currency funds, these should be brought in and swapped into rupee only when ADB has lending facilities lined up and in case funds are raised through domestic rupee bond issue, then they must have a maturity in excess of ten years. Further, upto 25% (on a proportional basis) of the funds raised (by Rupee bonds issue or through swap) may be used for lending to Intermediary financial institutions viz. Infrastructure Development Finance Company (IDFC), India Infrastructure Finance Company Limited (IIFCL), Power Finance Corporation (PFC), Rural Electrification Corporation (REC) and Indian Railway Finance Corporation (IRFC) only. No time frame has been stipulated for the issue of rupee bonds by A