

[28 November, 2000]

RAJYA SABHA

(b) 345 EDBPMS.

(c) Owing to excess work relating to drawal of arrears of Deamess Allowance and bonus for 1999- 2000 and the offices remaining closed due to curfew in October, 2000, the revised wages are being drawn from November, 2000.

(d) The SPOs Nalanda Division has called for explanation from officials responsible.

(e) The revised wages will be paid in the current month *i.e.* November, 2000.

Borrowing by NHB

865. SHRI R.P. GOENKA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the National Housing Board, a subsidiary of the Reserve Bank of India, has agreed to borrow Rs. 180 crores from the Asian Development Bank at 13 percent for 25 years for further lending to secondary housing financial institutions at much lower rates fluctuating between 8 per cent and 12 per cent, despite objections from certain officers of the NHB;

(b) if so, the details of the proposed agreement and the rationale for contracting the high interest loan; and

(c) the estimated loss to NHB and how those Losses would be made up?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) The Asian Development Bank (ADB) has approved financial assistance to the extent of US \$ 40 million (equivalent to Rs. 180 crores) to National Housing Bank under the Housing Finance II Project. The loan is yet to be signed and declared effective. The features of the ADB loan are as under:

- (i) **Interest Rate:** The provisions for market based loans and ordinary capital rate loan charges are 1 % front-end fee, progressive commitment fee of 0.75% and fixed spread of 0.6% over the 6 month LIBOR.
- (ii) **Tenure:** The loan is to be amortised over a period of 25 years including a grace period of five years.
- (iii) **Guarantee:** The ADB loan is to be fully guaranteed by the Government of India for the repayment of both principal and interest. The guarantee fee chargeable is yet to be confirmed.

The main objective of the proposed project are to increase the access of low income households to market-based housing finance by increasing and broadening the finance channels of both informal and formal Housing Finance Institutions, reduce poverty by improving infrastructure and services in slum areas and financing innovative low-income housing sub projects and expand the lending operation of Housing Finance Companies (HFCs) to include greater proportion of loans to low income households. The overall thrust of the proposed project is to promote market based lending without subsidies, and the target beneficiary group is low income households. The lending rates of NHB are determined with reference to the average cost of the total borrowings of the bank. The present weighted average cost (1999-2000) is 11.79% and the weighted average yield on the finance is 13%. The lending rates of NHB range from 10% to 13.25%. The present spread to the bank with reference to average yield on the refinance is 1.21%. Regarding the final cost of the borrowing, the bank is yet to enter into negotiations with commercial banks/financial institutions for the swap arrangements for availing the counterpart rupee funds. Hence interest rates cannot be quantified at this stage.

High Custom Duty on Electricity Meters

866. MISS FRIDA TOPNO: Will the Minister of FINANCE be pleased to slate:

(a) what is the custom duty being levied on the advanced (foolproof) meters like "Smart Card" based prepayment and powerline carrier based Automatic Meter Reading solutions;

(b) whether the high custom duty on electricity meters is a deterrent for the evolving technologies on the cutting-edge, which need to be introduced to help save the staggering losses of more than Rs. 20,000 crores per annum;

(c) whether Government propose to reduce the above duties to a realistic level;

(d) if so, by when; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Imports of electricity meters including advanced meters for prepayment attract a basic customs duty of 25%, surcharge of 10% of basic customs duty, additional duty of customs of 16% and special additional duty of customs of 4%. The total import duty incidence works out to 53.82% *ad valorem*.