

When a PN is traded on an overseas exchange, the regulator in that jurisdiction would be the authority to regulate that trade. However, SEBI also has provisions in terms of the SEBI (FII) Regulations, 1995, according to which an FII may issue Offshore Derivative Instruments (ODIs)/Participatory Notes (NPs) with Indian instruments as the underlying securities, subject to the subscriber being a regulated entity. Further downstream issue of PNs, if any, may also be done only to regulated entities. Besides, FIIs are required to report at the end of every month, in a prescribed format, all information relating to PNs issued by them including the names of subscribers to the said PNs. FII investments into India are also subject to Indian Anti-Money Laundering laws and strict KYC norms. SEBI has mandated that P-Notes with Indian underlyings can only be issued to regulated entities subject to 'Know-Your-Client' norms.

Penalty for non-utilization of loans

1062. SHRI GIREESH KUMAR SANGHI:

DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether India pays penalty for not using loans from agencies since 1991 and Government has paid Rs. 1400 crore to World Bank, Asian Development Bank and others;

(b) if so, whether his Ministry has revealed that many of its past projects are running far behind schedule and Government has been paying commitment charges of several hundred crores every year in 2007-08, and 2008-09 alone India paid Rs. 240 crores as commitment charges for the non-disbursed portion of sanctioned loans from World Bank and other donors; and

(c) if so, the reasons therefor and to what extent Government has been able to check this?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) to (c) Commitment charge is payable on the amount of loan yet to be drawn and is an integral part of the general terms and conditions of loan from the World Bank, Asian Development Bank and Germany. In respect of Japan, it is payable for loans signed after October 2007. The commitment charge has to be paid as the entire loan amount is not disbursed in one instalment. Depending on the nature of project and its implementation schedule, the disbursement takes place over the project implementation period. Drawing the entire loan amount in one instalment will entail avoidable interest liability because the full amount cannot be spent in one go and would remain idle in Government account. Commitment charges, wherever levied, are usually a fraction of applicable interest rate.

A total of Rs. 1455.72 crores has been paid as commitment charges during 1991-2009. Out of this, Rs. 124.54 crores was paid in 2007-08 and Rs. 117.37 crores in 2008-09.

Government of India has a monitoring mechanism for externally aided project. Projects are checked against readiness indicators before they are launched. During implementation, the projects are monitored through joint review meetings periodically. State level portfolio reviews and site visits are also undertaken from time to time.

Development bank for the unorganised sector

1063. SHRI MAHENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government has recently agreed to set up a development bank or a fund for the unorganised sector;

(b) if so, whether Government has recently announced that the recommendations of the National Commission on Enterprises in the unorganised sector would be implemented; and

(c) if so, to what extent the creation of a fund for the unorganised sector is likely to benefit small and medium industries in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) to (c) The Committee on National Commission on Enterprises in the Unorganised Sector had recommended, among others, to create a National Fund for the Unorganised Sector (NAFUS).

In a meeting held under the Chairmanship of Finance Secretary, it was decided to create a separate window under SIDBI with an earmarked corpus for providing financial support to micro enterprises. In addition, the Finance Minister has provided a fund of Rs. 4000 crore for refinancing lending to micro and small enterprises by banks and State Financial Corporations (SFCs) for the financial year 2009-10. However, as informed by Ministry of Micro, Small and Medium Enterprises, a proposal for creation of a fund of Rs. 1000 crore for financing of micro enterprises in the unorganized sector is under their consideration.

Recapitalization of nationalized banks

1064. SHRI NANDAMURI HARIKRISHNA:

SHRI M.V. MYSURA REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that his Ministry approached the World Bank for loans to the tune of Rs. 16,000 crores to recapitalize about 18 banks in the country;

(b) if so, the details of the banks that are proposed to be recapitalized; and

(c) the details of norms followed in selecting nationalized banks for recapitalization?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) to (c) To enable the public sector banks (PSBs) to meet credit requirements of the