

IIFCL's Refinance Scheme (Revised)

1. Objective

The primary objective of IIFCL's refinance scheme is to facilitate the flow of funds in an increasing manner for the development of infrastructure in the country. Under the scheme IIFCL will provide refinance for term loans sanctioned by Banks *and Public Financial Institutions* for only new commercially viable projects in road, port, *Railways Sectors, Competitively bid power projects, and UMPPs.*

2 Eligibility

The main characteristics of the scheme are:–

- (i) Refinance would be provided to Banks for new commercially viable infrastructure projects in road and port, *Railways Sectors, Competitively bid power projects, and UMPPs.*
- (ii) Refinance would be made available to new projects only for which bids are submitted on or after 31.01.2009.
- (iii) *The definition of eligible projects will be as per clause 5.2 (a) of SIFTI.*
- (iv) *Refinance Scheme will be extended to Public Financial Institutions notified under Section 4 (A) of the Companies Act, 1956 while adopting the prudential norms prescribed by RBI on bank loans to NBFCs as amended from time to time.*

3 Extent of Refinance

IIFCL shall provide refinance *upto 80%* of the loans provided by the Banks to infrastructure projects in road and port, *Railways Sectors, Competitively bid power projects, and UMPPs.*

4 Rate of Interest

The Banks will not charge more than 2.50% over and above the rate charged by IIFCL. The IIFCL rate of refinance at present would be 7.85% p.a.

5. Tenor of Refinance

Tenor of refinance shall be 10 years with a reset after 5 years. However, if the Government of India considers necessary may allow an extension with reset for 5 more years after 10 years. The Banks will have to lend for tenors exceeding 15 years on 'best endeavour' basis.

6 Repayment of Refinance

The repayment of refinance would be linked with the repayment schedule of the loan fixed by the consortium in a manner so as to ensure total repayment of refinance amount within a period of 10 years.

7 IIFCL direct sanction to the project where refinance is extended

IIFCL to sanction 10 percent of the project cost as against 20% where refinancing facilities are available for such projects.

8 Other Terms of Refinance

- a) No Upfront fee to be levied.
- b) Prepayment of refinance instalment is permitted only in cases where the borrowing units have prepaid the corresponding loan instalments.
- c) Time limit for availment of refinance is within three months from the date of each disbursement.
- d) Failure to service interest or debt would attract the provisions of the General Agreement, which involves levy of additional interest.
- e) IIFCL may periodically depute its officials/agents for post-disbursement scrutiny of refinanced accounts in the books of the Bank

and where necessary, also of the borrowing units. The assisted units are, therefore, required to give an undertaking to the Bank authorising to furnish any information relating to the units to IIFCL and allowing IIFCL to inspect their project site and accounts.

Note: *The text shown in italics denote the modifications in the Refinance Scheme*

* * * * *