

01:15 PM 09 FEB MARKET STATS ▼	SENSEX 28,279 ▼ -11.24	NIFTY 50 8,761 ▼ -8.20	GOLD (MCX) (Rs/10g.) 29,332 ▲ 2.00	USD/INR 67.02 ▼ -0.17	CREATE PORTFOLIO	Download ET MARKETS APP	CHOOSE LANGUAGE ENG
--	----------------------------------	----------------------------------	--	---------------------------------	-------------------------	--------------------------------	------------------------

PSBs may offer cheaper loans to companies bidding for projects abroad

By [Dheeraj Tiwari](#), ET Bureau | Updated: Aug 16, 2016, 10.17 AM IST

[Post a Comment](#)

NEW DELHI: State-run lenders may offer **concessional finance** to private companies bidding for key **projects** abroad as part of a strategy to step up strategic **investment** overseas. The government is considering a mechanism to ensure the viability of such lending, said officials aware of the matter.

"A committee will be formed with the finance ministry which will look into the issue," one of them said. "Infrastructure projects in those countries where **India** has both strategic and economic interest will be given preference." Panel members will include the deputy national security adviser and officials from other ministries including external affairs and commerce.

Funding will be below **market** rates but accompanied by conditions. "They will have to source at least 75% of the project requirements from India," said the official. "Firms looking for concessional finance also need to have a clean track record with no bad loans."

The government already offers concessional finance to private companies through the **Export Import Bank of India** (Exim Bank).

"The current focus is on infrastructure projects in Africa," said another official aware of the development. "Banks will be asked to appraise a project if it is found to be strategically important and they will accordingly take call on the interest rates... We will soon work out a structure on how banks will be compensated." Projects in Latin America and other countries in the Asia-Pacific region are also on the radar, he said.

At the **end** of March, India's overseas direct investment was \$141.6 billion, compared with \$132.6 billion a year earlier. Lenders will be cautious about lending to projects in politically sensitive countries, said an executive at a state-run bank.

"The interest rates on projects executed in such countries attract higher interest rates because of their volatile polity," he said. "Any change in leadership can lead to such projects being stranded for a long time."

Stay on top of business news with The Economic Times App. [Download it Now!](#)

RELATED COMPANIES

[EXPAND](#)

[Bank of India](#)

Budget 2017:

[Budget 2017 is out: Read how it impacts you and India](#)

[Live Market](#) [News](#) [Portfolio](#) [Mobile](#) [Live TV](#) [Newsletter](#) [Commodities](#) [Speed](#) [QnA](#) [Blogs](#) [Alerts](#) [RSS](#)

Other Times Group news sites

Times of India | इकनॉमिक टाइम्स
मुंबई मिरर टाइम्स | Mumbai Mirror
Times Now | Indiatimes
नवभारत टाइम्स | महाराष्ट्र टाइम्स
ವಿಜಯ ಕರ್ನಾಟಕ | Lifehacker
Gizmodo | Eisamay | IGN India
NavGujarat Samay

Living and entertainment

Timescity | iDiva | Zoom |
Luxpresso | Gaana | Happytrips |
Cricbuzz | Get Smartapp

Networking

itimes | MensXP.com

Hot on the Web

Live: Assembly Elections
2017 | Punjab & Goa Election
2017
Income Tax calculator | Income
Tax Slabs
Budget 2017 | Elections 2017
Senssex, Nifty Live

Services

ads2book | Gadgetsnow | Free Business Listings
Simplymarry | Astrospeak | Timesjobs | Magicbricks | Zigwheels | Timesdeal |
dineout | Filimpop | Remit2India | Gaana | Greetzap | Techradar | Alivear |
Google Play