# Government of Jammu and Kashmir, Planning, Development and Monitoring Department, Civil Secretariat, Srinagar.

## MEMORANDUM FOR SUBMISSION TO THE STATE ADMINISTRATIVE COUNCIL

Subject: Raising of loan for completion of unfunded/languishing ongoing projects

The State Capex Budget for 2018-19 has been approved at Rs.21,223 crores. The capital allocation broadly includes four heads viz. the State or regular Capex, the loan component (and the corresponding state shares) the allocation under Centrally Sponsored Schemes (and the corresponding state shares) and finally the component budgeted under the Prime Minister's Development Package PMDP (and the state's contribution in the shape of the state share).

- 2. For the current year, an amount of Rs.3240.23 crores has been approved as Regular state Capex. After accounting for committed outlays such as the sums reserved for implementation of the Constituency Development Scheme (CDS) and other reserves, the net balance available with the state for further allocation in favour of various Administrative Departments for implementing their respective development programmes including both new and ongoing schemes is Rs.2243.24 crores only.
- 3. On the ground, however, there are a large number of developmental projects at different stages of execution. While some of them, particularly those taken up under CSS/loan/PMDP are well funded and in progress, there are a number of other projects which are either inadequately funded or languishing for a long time. During the recently conducted public outreach programme of the Hon'ble Governor in 9 districts of the state as well a number of review meetings conducted by the Hon'ble Advisors, a plethora of demands have been received for additional resource allocation primarily for completion of ongoing, languishing projects but also for a number of new projects.
- 4. In the light of the above position and the multiplicity of demands, the Planning, Development and Monitoring Department (PD&MD) conducted a preliminary exercise to determine the contours of the problem. For this

purpose, a series of meetings were conducted at various levels and the administrative departments were usked to furnish project wise details of unfunded or partially funded projects pertaining to their respective departments. The information furnished by the departments was compiled and analysed. The overall position is sur marised below:

(Rs crores)

Particulars	Original cost	Revised Cost	Exp. Ending 3/2018	Balance funds required for completion		
State Sector	11014.79	11681.09	5251.84	5752.06		
District Sector	1371.66	1578.18	477.93	1079.21		
Total	12386.46	13259.27	5729.77	6831.27		

A department wise abstract detailing the figures above is placed at Annexure A.

- 5. The PD&MD attempted a further analysis of the data presented by the various departments. The analysis revealed that in so far as ongoing but unfunded or languishing projects are concerned, 6 departments namely PW(R&B), PHE/I&FC, School Education, Higher education, Youth Services and Sports, Health and Medical Education and Tourism taken together account for nearly two thirds of the total unfunded burden; of the total requirement of funds to the tune of Rs. 6831 crores for completion of all ongoing projects, the projects in these 6 departments alone account for Rs. 4146 crores (nearly 68%). The details of this exercise are at **Annexure B.**
- 6. From the foregoing, it is obvious that at the current pace of funding many of these projects will take nearly 20 years to be completed. At the same time, given the overall resource position of the state it may not be possible to allocate any significantly large additional funds out of currently available resources for completion of these ongoing projects. While the non-completion of such a large number of projects, some of which have been orgoing for over 5 years now reflects poorly on the developmental scenario of the state, it also deprives citizens of legitimately required essential infrastructure.

- 7. In the light of the overall scenario reflected above and given the need for completing the ongoing projects in a defined and limited time frame without the benefit of additional resource allocation from the budget, one feasible and likely option remains the exploration of the possibility of approaching banks/financial institutions for raising a loan for completion of these languishing projects. For this purpose it is proposed that a new company, Jammu and Kashmir Infrastructure Development Finance Corporation (JKIDFC) be incorporated in the Finance Department and be authorised raise a loan not exceeding Rs 8000 crores from various financial Institutions including State/ Nationalized Banks for completion of these unfunded projects. The JKIDFC will, based on a counter guarantee by the State government, directly approach various financial institutions including banks for the purpose, invite offers, and through a competitive and transparent process select the best institution for the provision of the loan. The loan so raised will then be used for completion of unfunded/languishing infrastructure projects in the State and for any other new infrastructure projects which are a priority for the state.
- 8. In order to obtain a broad picture of the likely financial parametersprevailing market rate of interest, moratorium period, and repayment schedule etc -in the event of the scheme getting operational, the Jammu and Kashmir Bank was requested to conduct a preliminary exercise. The initial calculations submitted by the Bank indicate that in case of a loan of Rs.8000 crores the annual repayment amount works out to Rs.978.24 crores for a 20 year repayment schedule including a 2 year moratorium (at an interest rate of 10.30%). However, in case of a 17 years tenor including a 2 year moratorium (at an interest rate of 10.30%) the corresponding figure would be Rs.1051.20 crores. If however the interest rate were to be calculated at 9.5%, the corresponding repayment figures would be Rs.929.28 crores (for a 20 year repayment schedule including a 2 year moratorium) and Rs.1002.24 crores (for a 17 year repayment schedule including a 2 year moratorium). The details of the financial statement presented by the Bank are at Annexure C. It may be clarified however that these calculations are only illustrative and to establish the feasibility of the scheme and that for the actual operation of the scheme, the JKIDFC shall determine the interest rates and repayment amounts through a competitive and 'ransparent process of engagement with various financial institutions/banks following which the best and most economical offer shall be selected.

- of the annual Capex budget. Since the availability of a lump sum of money to various government departments shall ease the pressure on Capex requirements of these departments, it is proposed that a portion of the annual Capex sha', be kept aside for the repayment of the lon amount. It is however clarified that it shall be ensured that the amount set aside for repayment shall be sufficient to meet the terms of repayment of the loan including interest.
- 10. For the purpose of selection, author sation, monitoring and regulation of projects under the programme, a High Powered Committee (HPC) is proposed to be constituted as under:

Principal Secretary Finance	Chairman
Principal Secretary PD&MD	Member
Comm. /Secy. PW(R&B)	Member
Comm. /Secy. PHE/I&FC	Member
Concerned Adm. Secretary	Member

The committee would be free to coopt any other member to assist it in its work

- 11. The Administrative Secretary of the department whose projects are under consideration shall prepare a detailed project wise schematic break-up of all such schemes as are proposed to be funded under the programme. He shall also cause Administrative Approval and all relevant Technical sanctions to be accorded project wise before a project can be considered by the committee. He shall also ensure that the following information/details and/or undertakings/certificates are submitted in respect of each project before the same can be considered for approval:
  - i) Original and Revised cost, funds utilized so far and the completion cost
  - ii) Physical status of the project along with geo-tagging certificate
  - iii) Time lines for completion of the work including intermediate time lines
  - iv) Certificate by the Administrative department that irrespective of mode of execution so far, all remaining/pending works in the project shall be allotted and executed through a fully

- competitive, transparent e-tendering process, if not already awarded through a similar process and under execution.
- No allotnent of works on nomination basis or piece ra z work basis or any other non competitive basis shall be permitted neither shall any normative rate, piece rate or extension be allowed
- vi) All projects to be strictly completed within the specified time as per the time lines submitted and agreed to in the HPC. No time/cost overrun shall be allowed under any circumstances
- vii) Department to ensure and certify that the contract with the executing agency has a clear provision that in case the time lines for completion are not met, the executing agency will have to pay a penalty at a pre-determined rate on account of delayed completion
- viii) Certificate by the Administrative department that the project proposed is free from all encumbrances and that there are no legal, contractual or other impediments to the execution of the project. In case of any requirement of funds for land acquisition or utility shifting etc in order to make the project encumbrance free, the same would need to be clearly delineated/mentioned
- ix) No projects which are physically completed but financially incomplete would be considered for funding under this scheme. No backlog dues of any kind shall be funded under this scheme
  - The HPC shall also be free to impose any further conditions to be fulfilled by the Administrative Department before the projects can be taken up for funding under this initiative.
- 12. The draft SAC note was referred to the Finance Department for their comments. The Finance Department has concurred to the draft SAC note.
- 13. Accordingly, the Principal Secretary, Planning, Development and Monitoring Department with the approval of the Advisor (V) submits the following resolution for approval of the State Administrative Council:

#### "Sanction is accorded to the

i. establishment of a new company viz. Jammu and Kashmir Infrastructure Development Finance Corporation (JKIDFC) in the Finance Department with an authorised capital of Rs. 50 lakhs with a view to raising loans from financial Institutions including State/

Nationalized Banks for completion of unfunded/languishing infrastructure projects in the State and any other new infrastructure projects which are a priority for the state;

- a. The Company (JKIDFC) shall be manned by internal adjustment of staff
- b. JKIDFC shall be authorised to raise a loan of upto Rs.8000 crores in a most economical manner through a competitive and transparent process by inviting offers from Banks/other Financial Institutions;
- c. the Finance Department shall provide a Counter Guarantee to the Company (JKIDFC) for raising the above loans;
- d. Provisions shall be made in the State budget for repayment of the loan and debt service by way of suitable modifications in the Capex Budget allocations; it shall be ensured that amount set aside for repayment shall be sufficient to meet the terms of repayment of the loan including interest;
- ii. constitution of a High Powered Committee (HPC) with the composition described in para 10 of this note for approving projects to be funded under this initiative and finalizing the amounts to be released in phased manner. For this purpose:
  - a. The Administrative Secretary concerned shall cause Administrative Approvals, codal formalities and all relevant technical & other sanctions to be issued before the projects are considered for approval by the HPC
  - b. The Administrative Secretary concerned shall satisfy the conditions mentioned in para 11 of this note and any other conditions that may be imposed by the HPC and ensure that the project is free

																		(Rs. in lacs)
						Details of I	Infunded/L	anguishing	Projects						E.,	nde required	for complet's	(Rs. in lacs)
	Name of						Details of Unfunded/Languishing Projects  Expenditure Upto March 2018					ilability ir	2018-19		Funds required for complet on District			
	project/work/programm			1	Ì		District			State		strict	css	Total	State Sector	Sector	CSS	Tota
5. No	e 2		Original Cost	Revised Cost	Re calculated	State Sector	Sector	CSS	Total	Secto		ctor	11	TOTAL	12	13	14	
<del>-</del>	Transport	Ct-t-	3	4	5	6	7	8		9		10	0.00	105.00	536.00	0.00	0.00	5
'_	Transport	State C strict	843.00	843.00	843.00	202.00	0.00	0.00	202.00		5.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	Power	State	0.00 28682.51	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	1200.00	20349.77	0.00	0.00	203
		District	115.53	38491.80 97.59	38491.80	16942.03	0.00	0.00	16942.0		0.00	0.00	0.00	0.00	0.00	95.53	0.00	
3	Health	State	5332.59	6584.03	115.53 6584.03	0.00	20.00	0.00	20.0		0.00	0.00	0.00	0.00	1055.02	0.00	137.00	-11
		District	8894.32	1678.64	21562.73	4705.01 10793.04	0.00 5414.98	687.00 208.21	5392.0 16416.2		0.00	17.00	50.00	67.00	108.84	4860.58	110.08	50
4	Estates	State	9065.30	9065.30	9065.30			0.00	1530.0		0.00	0.00	0.00	550.00	6985.30	0.00	0.00	69
		District	0.00	0.00	0.00			0.00	0.0		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5	Law	State	47136.02	54322.87	54322.87			17363.83	26926.1		3.82	0.00	5627.00	8830.82	6676.07	0.00	11889.81	1856
	-	District	0.00	0.00	0.00			0.00	0.0		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
6	Forests	State	20764.15	20764.15	20764.15	5893.16		0.00	5893.1	6 143	5.00	0.00	0.00	1435.00	13435.99	0.00	0.00	1343
7	6.11	District	19.57	139.55	118.16		58.03		58.0	3		3.75		3.75		56.38	0.00	819
	Culture	State	15598.11	17655.15	17655.15			0.00			50.00	0.00	0.00	550.00	8198.15	0.00	0.00	619
8	Technical Edu	District	0.00	0.00				0.00			0.00	0.00	0.00	0.00	9.00	0.00	217.08	22
0	red ii iidai Edu	State District	1269.28	1269.28							11.50	0.00	18.37	29.87	0.00	0.00	0.00	
9	Higher Edu	State	0070 10	0070	0.00						0.00	0.00	0.00	1534.93	0.00	0.00	4589.27	458
5	ringrier Edu	District	9972.18	9972.16							0.00	0.00	1534.93 0.00	0.00	0.00	0.00	0.00	.50
10	School Edu	State	6971.75	11838.72							37.80	0.00	2244.62	2482.42	5443.44	0.00	0.00	5443
-	SCHOOL Edd	District	2448.73	2185.81								264.96	10.00	274.96	0.00	1041.29	58.97	1100
11	Social Welfare	State	12390.57	11321.06							66.04	0.00	1537.34	2003.38	4231.45	0.00	2139.79	6371
••	ooda Walan.	District	410.00		410.0						0.00	30.00	0.00	30.00	0.00	109.00	0.00	109
12	Agriculture	State	11855.50	9224.00							49.00	0.00	0.00	249.00	8698.48	0.00	0.00	8698
	- ignound	District	0.00								0.00	0.00	0.00	0.00	0.00	0.00	0.00	
13	Industries	State	82622.28		100029.8	4 14547.7	6 0.00	5454.0	6 20001.	82 67	78.08	0.00		10102.16	35495 87	0.00	34429.99	69925
<del></del>		District	0.00		0.0					00	0 00	0.00	0.00	0.00	0.00	0.00	0.00	33756
14		State	74204.16	76899.48	76899.4						77.73	0.00	0.00	3477.73 100.00	33756.27 0.00	821.00	0.00	821
-		District	1021.00	1021.00	1021.0		100.00	0.00	100		00 1	0.00	0.00 423.87	823.87	1098.31	0.00	102.20	1200
15	CAPD	State	4280.39							.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		District	0.00								604.00	0.00	929.65	2533.65	52340.40	0.00	15535.19	67875
16	H&UDD	State	122254.75								0.00	215.08	0.00	215.08	0.00	1359.81	0 00	1359
		District	2717.00					-			0.00	0.00	0.00	0.00	1725.24	0.00	C .	1725
7 F	Physical Edu	State	3268.59					-		10	0.00	11.00	0.00	11.00	0.00	98.16	0.00	98 198
$\neg$		District	119.34					-		1.14	5.35	0.00	16.69	22.04	144.97	0.00	54.02 0.00	190
8	Animal Sheep Husb	State	466.87	625.1		-	30	-	00 (	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2390.86	2390
1		District	0.00	0.0			-		14 1314	4.14	0.00	0.00	0.00	0.00		0.00	0.00	2000
9 1	Т	State	3705.00	3705.0						0.00	0.00	0.00	0.00	0.00		0.00	9196.92	14665
-		District	0.00	0.0			-				463.53	0.00	1838.51	2302.04		0.00	0.00	
0 1	rrigation & FC	State	34520.13				10			0.00	0.00	0.00	0.00	453.42		0.00	24914.63	32128
<del>-  </del> -	nganon a v	District	0.00	0.0	-	,0		00 58644			453.42	0.00	0.00	343.78	-	4249.03	263.75	4512
1 F	HE	State	83100.47	83100.4		-				6.01	0.00	343.78	159.19	249.8	-	0.00	0.00	5342
'	112	District	9759.39		-					4.75	90.62	0.00	0.00	0.0		190.09	0.00	190
<del>-  </del> -	RDD	State	11797.05		•	-	00 111.		.00	1.80	0.00	0.00		2551.9		0.00	2354.62	5276
2 F	UU	District	318.90	318.9	<u> </u>		00	00 1634	,00	10.02	1719.49	0.00			0 0 0	0.00	0.00	21974
-		State	10979.81	10976.5					.00	0.00	0.00	0.00		_	3 219744.96	0.00	0.00	8949
3 F		District	0.00			30		00	0.00 2218		25731.93 0.00				0.00	89491.01	0.00	0343
		State	449188.51		-	-	00 16320	64	_	20.64	0.00				0 0 0	0.00	0.00	500
4 R	48	District	101575.52	107492.5	-	00			0.00	0.00	165.00				33 4204.88	802.18	4823.49	1229
$\perp$		State	0.00		0	00			5.00	55.96	0.00		-	500.		2.00	0 00	
5 R		District	9766.91	11352.5	9			.00 400		48.96	0.00			0.	0.00	2.00	14093.14	1409
		State	33148.30	18887.6		02		.00	0.00	0.00	0.00			0.	0.00	0.00	0.00	
L		District	0.00	0.0	<u> </u>	-		.00 680	4.41	04.47	0.00	1	0.0	0 0.	00 0.00	1		5752
		State	18062.03	20949.9		011		.00	0.00	0.00	48732.31	1		4 67719			100.00	1079
K	acail	District	0.00	0.0		00	.00	.00 16766	1111	104.02	165.00		-	0 2104		-		6831
1		DISTITUT	1101479.29	1146184.5		40	. 14		0,01	792.67		-		4 69823	.10 452652.10	103174.00		
150	ate Sector		137166.21	135615.6		**			8.27 5729	76.69	48897.33	10/5.0						
	ate Sector		1238645.50	1281800.2	4 1325926.	76 369741	.41 3441/	.0-1										

#### ANNEXURE-B

Rs crure

	T									Balance requirement for completion of languishing projects			
	1 '	1	2018-19								T P. 5,5	0.0	
1	1		Negoti	iated	CSS	S	PMC					Balance required for	
	1	Regular	Loan	State	Central	State	Central	State	Total		- 1 5-4 2/10	•	
S. No	Sector	Schemes	Comp.	Share	Share	Share	Share	Share	Capex	Est. cost	Expd. End 3/18	Completion	
1	2	19	20	21	22	23	24	25	26	· ,	1	3092.36	
1	PWD	454.13	300.00	34.00	1162.76	42.50	0.00	105.00	2098.38				
	PHE/I&FC	118.28		_		106.00	883.00	65.96	2169.29	1493.59		513.07	
	School Edu.	176.30			_		0.00	0.00	1132.44	149.78		65.44	
	Higher Edu.	197.86						0.00	227.86	99.72		45.89	
$\overline{}$	YSS	31.41						0.00	250.34	45.69	24.76	20.49	
_	Health & Med.	( ·			7					1			
1	Edu.	148.24	29.50	0.50	181.89	15.67	358.00	0.00				62.72	
$\overline{}$	Tourism	138.12			0.00	0.00	328.14	0.00	466.26	779.20		345.77	
	Total	1264.34				226.88	1729.14	170.96	7078.38	8587.87	4067.38	4145.74	



The Jammu & Kashmir Bank Limited

Corporate Headquarters

M A Road, Srinagar 190001 J&K, F +91 (0) 194 250 2688

T +91 (0)194 250 2688

E sunil.gupta@jkbmail.com W www.jkbank.net

GSTIN: 01AACT6167G1ZL



**A&AP CHQ** 

#### **ANNEXURE C**

### Working Sheet for Credit requirement of J&K Govt .:

#### Option 1.

For a loan amount of Rs.1000.00 crores @ 10.30%pa (1YMCLR+1.50%)

Tenor of loan

:20 years

Moratorium period

: 2 years (Only interest to be serviced during moratorium period)

Repayment

:18 years repayment

No of installments

EMI amount

:Rs.10.19 crores (inclusive of interest)

Annual repayment

:Rs.122.28 crores

#### Option 2.

For a loan amount of Rs. 1000.00 crores @ 10.30%pa(1YMCLR+1.50%)

Tenor of loan

:17 years

Moratorium period

: 2 years (Only interest to be serviced during moratorium period)

Repayment

:15 years repayment

No of installments

EMI amount

:Rs.10.95 crores (inclusive of interest)

Annual repayment

:Rs.131.4 crores

The working is based upon the loan amount of Rs.1000crores. In case of increase in loan amount, the EMI shall get increased to the same extent.

The details about repayment and interest is enclosed in Annexure.

M A Road, Srinagar 190001 J&K,

T -91(0)194 250 2688

F -91(0)194 250 2688

E sunil.gupta6 W www.jkbank

GSTIN: 01AACT6167G1ZL



#### **A&AP CHQ**

ANNEXURE C

Working Sheet for calculation purpose for Credit requirement of J&K Govt .:

#### Option 1.

For a loan amount of Rs.8000.00 crores @ 9.50%pa

Tenor of loan

:20 years

Moratorium period

:2 years (Only interest to be serviced during moratorium period)

Repayment

:18 years repayment

No of installments

:216

EMI amount

:Rs.77.44 crores (inclusive of interest)

Annual repayment

:Rs.929.28 crores

#### Option 2.

For a loan amount of Rs.8000.00 crores @ 9.50%pa

Tenor of loan

:17 years

Moratorium period

:2 years (Only interest to be serviced during moratorium period)

Repayment

:15 years repayment

No of installments

:180

EMI amount

:Rs.83.52 crores (inclusive of interest)

Annual repayment

:Rs.1002.24 crores

The details about repayment and interest is enclosed in Annexure.