

**PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA**  
**(Water Resources Department)**

**Sub:** Approval to Visvesvaraya Jala Nigam Ltd (VJNL) to Borrow Rs.300 crores (by term loan) under IEBR for the year 2016-17 and providing Government Guarantee.

**Read:** 1. G.O. No.WRD 74 MBI 2016 dated: 16.9.2016.  
2. Minutes of the 1<sup>st</sup> Off Budget Borrowing Monitoring Committee (OBBMC) meeting under the Chairmanship of ACS, FD held on 23.2.2017.  
3. MD, VJNL letter No VJNL/FD/OBB/2016-17/384 Dtd 28.2.17

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**Preamble:**

1. The Government has provided a Grant of Rs.4780.58 crores for the year 2016-17 to KNNL and out of this Rs 4382.31 crores towards project works and Rs.398.27 crores is provided for Debt servicing. The details are as follows:

(₹. in crores)

Sl. No.	Description	Amount provided BE
1	Capital Grants	1522.34
2	IEBR	1100.00
3	Special Development Plan (SDP)	220.00
4	AIBP/PMs Package	195.03
5	Capital -SCP	656.98
6	Capital-TSP	350.68
7	AIBP-SCP	40.50
8	AIBP-TSP	14.47
9	NABARD Works	100.00
10	KSIWRM & EAP (ADB)	28.47
11	DRIP-Dam Safety	22.56
12	Repairs & Maintenance	131.28
	<b>Total For Works</b>	<b>4382.31</b>
13	Guarantee Commission	23.30
14	Principal Repayment	188.20
15	Interest Payment	186.77
	<b>Total for Debt Servicing</b>	<b>398.27</b>
	<b>GRAND TOTAL</b>	<b>4780.58</b>

1. In consequent to formation of Visvesvaraya Jala Nigam Limited (VJNL), the Government has allocated the budgetary grants to VJNL out of overall budgetary provision of KNNL for the year 2016-17 vide letter WRD 11 MBI 2017 Dated 22.2.2017 with the concurrence of FD Note No FD 39 FC-1/17 Dated 13.2.2017 as under:

(₹. in Crores)

Sl. No.	Description	Amount provided BE
1	Capital Grants	100.00
2	IEBR	300.00
3	Capital –SCP	153.00
4	Capital-TSP	74.00
5	NABARD Works	4.13
6	Repairs & Maintenance	10.00
	<b>Total For Works</b>	<b>641.13</b>
7	Debt Servicing-Interest Payment	4.36
	<b>Total for Debt Servicing</b>	<b>4.36</b>
	<b>GRAND TOTAL</b>	<b>645.49</b>

In the above said allocation, Rs.300 crores allocated to VJNL under the balance IEBR.

2. In the First OBB monitoring (OBBM) committee meeting chaired by Additional Chief Secretary to Government–Finance Department held on 23.2.2017 has passed the resolution that :

*The committee authorized the Special officer/ Managing Director:*

- i. To approach the Government for obtaining Government Guarantee for the borrowing of Rs 300.00 crores for the FY 16-17 through term loan from Commercial Banks.*
- ii. To take all necessary action to avail a term loan of Rs 300.00 Crores at (One year MCLR-Floating for seven year tenor with annual repayment.*
- iii. To place the proposal to Finance Committee/ Board for necessary approval.*

- d. Approval is accorded to make budgetary provision for payment of interest and repayment of principal on due dates and to fund the escrow account at least 45 days prior to the service dates.
- e. Approval is accorded to hypothecate assets of the Company on pari passu basis in favor of lenders and for release of necessary funds to pay the stamp duty on hypothecation in the event the stamp duty cannot be waived off.
- f. Approval is accorded for payment of Guarantee commission @1% p.a.+ Service Tax of the amount mobilized and outstanding to the Government by Visvesvaraya Jala Nigam Limited and also to make necessary Budgetary provision to release the amount required for this to Visvesvaraya Jala Nigam Limited.

This order is issued with the concurrence of Finance Department vide its Note No PWD 146 FC-1/17 Dated 06.03.2017

**By order and in the name of  
Governor of Karnataka**

  
(C. Srinivasulu)

**Under Secretary to Government (Tech-1),  
Water Resources Department**

**To:**

1. The Accountant General (Audit-1, 2), Karnataka, Bangalore.
2. Special officer and Ex-officio Deputy Secretary to Govt, Finance Department (PWD Finance Cell) Vidhana Soudha, Bangalore.
3. P.S. to Principal Secretary/Secretary to Government, Water Resources Department, Vikasa Soudha, Bangalore.
4. P.S. to Secretary to Government, Water Resources Department, Vikasa Soudha, Bangalore.
5. The Managing Director, Visvesvaraya Jala Nigam Limited, Bangalore.
6. Extra Copies.

*The Chairman directed the Special Officer/Managing Director, VJNL to approach the Government for issuance of Government Guarantee immediately as the finance department GOK has already concurred the same on file. The Chairman further directed the Special Officer/Managing Director, VJNL to move the proposal for issuance of Government Guarantee for approval of the Hon'ble Chief Minister pending approval of the Cabinet.*

Accordingly, the Special Officer/Managing Director, Visvesvaraya Jala Nigam Limited, has moved the file to the Hon'ble Chief Minister & Chairman, VJNL through ACS, FD for according approval to borrow Rs.300 crores by VJNL in 2016-17 as per the Proceedings of the OBBMC meeting held on 23.2.2017 pending Cabinet approval.

3. The Finance department concurs for borrowing IEBR by KNNL and VJNL for the year 2016-17 vide UO Note No PWD 146 FC-1/17 Dated 06.03.2017 as under:

*"As per decision taken in the OBBMC meeting held on 23.02.2017 approval is accorded to avail term loans of Rs. 300 crores to KNNL and Rs. 300 crores to VJNL pending cabinet decision".*

The Proposal has been examined and orders issued as under ..

**Government Order No. WRD 30 MBI 2017, Bangalore, Dated: 08.03.2017**

- a. Approval is accorded to Visvesvaraya Jala Nigam Limited to borrow Rs.300.00 crores in FY 16-17 through term loans from Commercial Banks & to take action as per OBBMC proceedings.
- b. Approval is accorded for providing unconditional, irrevocable and irreversible Government Guarantee for payment of interest and principal till the repayment of loans and in case of debt restructuring, for continuation of the Guarantee for the same.
- c. Approval is accorded to enter in to Tripartite Agreement, Letter of Government Guarantee and Loan agreements with the Banks and such other documents as may be required.