

NHAI to Sign MoU with SBI Tomorrow for a Long Term, unsecured Loan of Rs 25,000 Crore

This is SBI's Highest Long Term Unsecured Loan to any Entity

Also the Largest Loan Ever Sanctioned to NHAI

National Highways Authority of India (NHAI) is getting an unsecured loan of Rs 25,000 crore from State Bank of India for 10 years with 3 years of moratorium on repayments. This is the largest amount of loan to have been sanctioned to NHAI in one stroke by any institution. This is also the largest long term unsecured loan sanctioned by SBI at a time to any entity. An MoU in this regard will be signed between the two organizations in the presence of Shri Nitin Gadkari, Minister of Road Transport & Highways, Shipping, Water Resources, River Development & Ganga Rejuvenation in New Delhi tomorrow.

NHAI had invited an Expression of Interest from Scheduled Commercial Banks to fund Rs. 25000 Crore as an unsecured loan for 10 years with 3 years of moratorium on repayments. In response to this EOI, SBI offered to fund the entire requirement of Rs 25000 Crore based on one month MCLR.

The loan sanctioned by SBI is unsecured. There is no principal repayment liability for initial three years. After three years, the repayment would be done in 14 equal half yearly instalments. The total loan tenure is 10 years. NHAI can repay/ prepay it at any time without any prepayment penalty.

The total sanctioned amount of Rs 25000 Crore is to be disbursed within 31st March 2019. Rate of interest would be based on one month MCLR. Interest accrued on the amount actually outstanding will be paid on monthly basis. NHAI can draw the amount in any number of tranches, latest by 31st March 2019.

NHAI has traditionally relied on borrowing through long term bonds issued to various investors, including LIC, EPFO and other qualified investors, and Tax Free bonds and Masala Bond issued in year 2017.

NP/MS/MS

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