GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO.1847
TO BE ANSWERED ON THE 10th MAY, 2016

**LOAN AGREEMENT WITH ADB FOR URBAN INVESTMENT PROGRAMME**

1847. SHRIMATI RAJANI PATIL :
SHRI K.C. TYAGI:
SHRI RAMDAS ATHAWALE:

Will the Minister for FINANCE be pleased to state:

(a) Whether the Government has signed any loan agreement with Asian Development Bank for Urban Sector Development Investment Programme, to support, rehabilitate and expand basic urban infrastructure in various States;

(b) If so, the details in this regard, State-wise;

(c) The details of the terms and conditions of the ADB for such assistance; and

(d) The extent to which projects will address the infrastructure deficiencies, tap economic potential and improve the living environment in such cities?

**ANSWER**

**MINISTER OF STATE FOR FINANCE IN THE MINISTRY OF FINANCE**

**(SHRI JAYANT SINHA)**

**(a)& (b):** Yes Madam. The details of Urban Sector projects implemented & under implementation with ADB assistance are at Annexure.

**( c ):** India started borrowing from ADB {Ordinary Capital Resources (OCR) } in 1986. The terms and conditions of ADB are as under :-

i. ***Rate of Interest*** - India has been accessing ADB's OCR which is LIBOR-based loan (LBL) product since its introduction on 1 July 2001. Prior to that from 1986, India had accessed Pool based Multicurrency loans. Until 30 June 2001 interest on the earlier loans was 6.70% (US $ loan), but under the LBL, the interest rate is floating and current applicable rate was LIBOR + 20 bps for loans negotiated on or after 1 October 2007, rate was revised to LIBOR + 30 bps for loans negotiated on or after 1 July 2010 and further revised to LIBOR + 40 bps for loans negotiated on or after 1 July 2011. ADB Board has decided to raise the loan charges by 10 bps effective for loans negotiated on or after 1

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January 2014. Presently the interest rate is LIBOR + 50 bps. ADB also gives rebate on the interest charged. It is revised every six months. Current rate of rebate is 11 bps. Therefore effective rate of interest is LIBOR+39 bps.

ii. ***Commitment charges*** - For project loans negotiated prior to 31 December 2006 commitment charges are levied @ 0.75% on: (i) 15% of undisbursed loan balances for the first year; (ii) 45% of undisbursed loan balances for the second year; (iii) 85% of undisbursed loan balances for the third year; and (iv) 100% of undisbursed loan balances from the fourth year onwards. For project loans negotiated on or after 1 January 2007, commitment charges are levied on a flat rate of 0.35% on the un-disbursed loan balances. This has been further reduced to 0.15% for both Program and Project Loans for loans negotiated on or after 1 October 2007.

iii. ***Maturity Premium*** - The ADB Board in its meeting in December 2011 announced the introduction of the following maturity premiums for all the loans negotiated on or after 1 April 2012:

iv. (i) A maturity premium of 10 basis points per annum on loans with an average loan maturity of greater than 13 years and up to 16 years;
(ii) A maturity premium of 20 basis points per annum on loans with an average loan maturity of greater than 16 years and up to 19 years; and
(iii) That the average loan maturity of loans shall not exceed 19 years.

v. ***Normal Repayment period*** - The normal repayment period for a Project Loan is 20 years plus a grace period of 5 years and for the Program Loan it is 15 years including a grace period of 3 years.

**(d):** The urban sector development projects are focused on expanding the coverage, quality, and continuity of basic urban services in the project cities. The projects relate to improvement in the quality of life. The projects in the urban sector are for provision of basic amenities such as safe drinking water, sewage collection systems, waste management, and sanitation facilities in the cities.

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**ANNEXURE**

**Annexure referred to reply to Rajya Sabha Unstarred Question No.1847 for answer on 10th May, 2016**

| DETAILS OF URBAN SECTOR PROJECTS (as on 31st March, 2016) | | | | | | |
|---|---|---|---|---|---|---|
| No | Loan No | Title | Loan Amount ($ million) | Approval Date | Loan Signing Date | Loan Closing Date |
| | | **Karnataka** | | | | |
| 1 | 1415 | Karnataka Urban Infrastructure Development Project | 85.00 | 14-Dec-95 | 10-May-96 | 30-Jun-04 |
| 2 | 1704 | Karnataka Urban Development and Coastal Environmental Management Project | 175.00 | 26-Oct-99 | 19-May-00 | 30-Sep-09 |
| 3 | 2312 | North Karnataka Urban Sector Investment Program - Project 1 | 33.00 | 26-Jan-07 | 23-Jan-08 | 31-Dec-13 |
| 4 | 2638 | North Karnataka Urban Sector Investment Program - Project 2 | 123.00 | 14-Jun-10 | 16-Dec-10 | 5-Dec-16 |
| 5 | 2882 | North Karnataka Urban Sector Investment Program, Tranche 3 | 60.00 | 22-Aug-12 | 19-Jul-13 | 5-Dec-16 |
| 6 | 3088 | North Karnataka Urban Sector Investment Program, Tranche 4 | 63.30 | 9-Dec-13 | 16-Sep-14 | 5-Dec-16 |
| 7 | 3148 | Karnataka Integrated Urban Water Management Investment Program - Project 1 | 75.00 | 29-Jul-14 | 30-Dec-14 | 30-Sep-19 |
| | | **Rajasthan** | | | | |
| 8 | 1647 | Rajasthan Urban Infrastructure Development Project | 250.00 | 3-Dec-98 | 1-Dec-99 | 31-Mar-09 |
| 9 | 2366 | Rajasthan Urban Sector Development Investment Program - Project 1 | 60.00 | 8-Nov-07 | 17-Jan-08 | 31-Dec-14 |
| 10 | 2506 | Rajasthan Urban Sector Development Investment Program - Project 2 | 150.00 | 19-Jan-09 | 18-Feb-09 | 31-Dec-16 |
| 11 | 2725 | Rajasthan Urban Sector Development Investment Program - Project 3 | 63.00 | 13-Dec-10 | 17-Mar-11 | 31-Dec-16 |
| 12 | 3182 | Rajasthan Urban Sector Development Program | 250.00 | 24-Oct-14 | 11-Sep-15 | 30-Jun-20 |
| 13 | 3183 | Rajasthan Urban Sector Development Program | 250.00 | 24-Oct-14 | 11-Sep-15 | 30-Jun-20 |
| | | **West Bengal** | | | | |
| 14 | 1813 | Kolkata Environmental Improvement Project | 250.00 | 19-Dec-00 | 18-Dec-01 | 30-Jun-12 |
| 15 | 2293 | Kolkata Environmental Improvement Project (Supplementary) | 80.00 | 14-Dec-06 | 21-Feb-07 | 30-Jun-13 |
| 16 | 3053 | Kolkata Environmental Improvement Investment Program-Project 1 | 100.00 | 22-Oct-13 | 3-Mar-14 | 30-Jun-19 |
| | | **Madhya Pradesh** | | | | |
| 17 | 2046 | Urban Water Supply and Environmental Improvement in Madhya Pradesh | 181.00 | 12-Dec-03 | 9-Mar-05 | 31-Dec-12 |
| 18 | 2456 | Urban Water Supply and Environmental Improvement in MP (Supplementary) | 71.00 | 13-Oct-08 | 10-Nov-08 | 31-Dec-13 |
| | | **Jammu and Kashmir** | | | | |
| 19 | 2151 | Multisector Project for Infrastructure Rehabilitation in Jammu and Kashmir | 250.00 | 21-Dec-04 | 17-Mar-05 | 30-Sep-13 |
| 20 | 2331 | Jammu and Kashmir Urban Sector Development Investment Program - Project 1 | 42.20 | 4-Jun-07 | 28-Dec-07 | 31-Dec-16 |
| 21 | 2925 | Jammu and Kashmir Urban Sector Development Investment Program - Project 2 | 110.00 | 26-Oct-12 | 16-May-13 | 31-Mar-17 |
| 22 | 3132 | Jammu and Kashmir Urban Sector Development Investment Program - Project 3 | 60.00 | 18-Jun-14 | 30-Dec-14 | 31-Mar-17 |

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| DETAILS OF URBAN SECTOR PROJECTS | | | | | | |
|---|---|---|---|---|---|---|
| No | Loan No | Title | Loan Amount ($ million) | Approval Date | Loan Signing Date | Loan Closing Date |
| | | **Uttarakhand** | | | | |
| 23 | 2410 | Uttarakhand Urban Sector Development Investment Program - Project 1 | 60.00 | 1-Feb-08 | 23-Oct-08 | 23-Jan-18 |
| 24 | 2797 | Uttarakhand Urban Sector Development Investment Program - Project 2 | 100.00 | 3-Nov-11 | 31-Jan-13 | 23-Jan-18 |
| | | **Multi-state : Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura** | | | | |
| 25 | 2528 | North Eastern Region Capital Cities Development Investment Program - Project 1 | 30.00 | 1-Jul-09 | 4-Aug-09 | 30-Apr-16 |
| 26 | 2834 | North Eastern Region Capital Cities Development Investment Program - Project 2 | 72.00 | 16-Dec-11 | 19-Nov-12 | 30-Jun-18 |
| | | **Multi-State: Mizoram and Tripura** | | | | |
| 27 | 3337 | North Eastern Region Capital Cities Development Investment Program - Project 3 | 80.00 | 27-Nov-15 | 28-Jan-16 | 22-Jun-19 |
| | | **Kerala** | | | | |
| 28 | 2226 | Kerala Sustainable Urban Development Project | 221.20 | 20-Dec-05 | 8-Dec-06 | 30-Jun-16 |
| | | **National Capital Region** | | | | |
| 29 | 2660 | Support to the National Capital Region Planning Board - Project 1 | 78.00 | 18-Aug-10 | 17-Mar-11 | 31-Dec-14 |
| | | **Assam** | | | | |
| 30 | 2806 | Assam Urban Infrastructure Investment Program - Project 1 | 81.00 | 18-Nov-11 | 9-Mar-12 | 30-Jun-18 |
| | | **Bihar** | | | | |
| 31 | 2861 | Bihar Urban Infrastructure Development Sector Program - Project1 | 65.00 | 13-Apr-12 | 25-Mar-13 | 30-Jun-17 |