

**LOK SABHA**

**Unstarred Question No. 1632**

**TO BE ANSWERED ON NOVEMBER 25, 2016 / Agrahayana 4, 1938 (Saka)**

**Commitment Charges**

**QUESTION**

**1632. KUMARI SHOBHA KARANDLAJE:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has disbursed hefty commitment charges on unutilized foreign assistance/loans taken for various development projects;
- (b) if so, the details thereof and the reasons therefor and the amount on commitment charges paid during the last three years and the current year;
- (c) the details of sectors that lag behind in matching the pace of the expenditure committed by the Government while negotiating loans with World Bank and Asian Development Bank; and
- (d) the steps taken to expedite the sectoral projects and save the expenditure on commitment charges?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ARJUN RAM MEGHWAL):**

- (a) & (b) The commitment fee/ charges are payable by the borrowers on the undisbursed loan amount as per the agreement signed with the multilateral/bilateral funding agencies from time to time. Terms and conditions of the loan agreement are in accordance with the operational policies of the multilateral agencies/ lending policies of the bilateral agencies. The commitment fee/ charges paid by the

Government on external undisbursed loans from 2013 – 2014 to 2016 – 2017 are as under: -

Donor	2013-14 (in INR crores)	2014-15 (in INR crores)	2015-16 (in INR crores)	2016-17 (in INR crores)
ADB	47.46	49.21	57.58	42.89
Germany	9.78	8.47	7.36	4.48
Japan	49.99	46.10	37.75	30.30
IBRD	10.09	6.74	7.91	10.64

(c) & (d) The list of sector-wise utilization of Government Loans from 2013-2014 to 2016-2017 is at Annexure. During the negotiation the total loan to be taken along with the project period is negotiated & finalized. However, the actual pace of expenditure depends on the physical progress of the project. Projects in most of the sectors lag in implementation due to unforeseen delays in procurement, technical issues, HR related issues and environment related issues.

Several steps have been taken to expedite the sectoral projects and minimize the expenditure on commitment fee/ charges. A Project Readiness checklist has been prepared for all the new Projects supported by Multilateral Financial Institutions. This Readiness criterion makes it mandatory that 100% of the consultancies are awarded, award of bids for contract worth at least 30% of the project cost are finalized and all statutory clearances like environmental/ forest clearances are in place before the project is negotiated.

For the existing projects supported by Multilateral Financial Institutions, strict monitoring of projects through Tripartite Review Meetings (TPRM), State Review Meetings (SRM) and TPRMs for Slow Moving Projects is being undertaken. Further, D.O. letter at Secretary level are issued to Line Ministries and State Governments bringing out various issues in implementation of project. Consequent to the project review, cancellation of uncommitted loan amount is also undertaken to reduce the payment of commitment fee/ charges.

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Aid, Accounts & Audit Division  
Utilisation of Government Loans From 2013-2-14 To 2016-2017

INR in Crore						
Donor /Sector	Currency	Agree Dt.	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017
<b>Asian Development Bank</b>						
AGRD Agriculture	INR		1.03	0.62	0.26	0.00
ENGN Energy Sector General	INR		63.09	35.05	91.27	27.28
EPOR Energy Sector - Power	INR		1,350.98	1,402.33	1,134.30	818.07
FINANCE Financial Sector	INR		0.00	1,521.04	0.00	0.00
HEALTH Health Sector	INR		0.00	0.00	267.86	202.06
INGN Infrastructure Sector-General	INR		55.23	135.23	151.47	121.25
INPT Infrastructure Sector- Port	INR		14.46	41.10	64.52	17.67
INRD Infrastructure Sector- Road	INR		1,088.83	1,060.68	1,855.66	1,718.94
INRL Infrastructure Sector- Railway	INR		112.60	440.34	381.68	119.46
RD Rural Development	INR		183.36	447.36	846.60	1,010.33
SOSE Social	INR		339.16	446.54	325.83	125.36
SOSE_EDU Social Sector Education	INR		0.00	167.70	140.94	73.40
URDE Urban Development	INR		981.50	813.29	1,864.61	608.83
WRMN Water Resources Management	INR		72.77	66.35	51.91	103.49
<b>Total</b>	<b>INR</b>		<b>4,263.00</b>	<b>6,577.61</b>	<b>7,176.90</b>	<b>4,946.12</b>
<b>IBRD</b>						
ENGN Energy Sector General	INR		263.59	61.66	92.74	1,732.64
ENRD Environment and Forestry	INR		0.00	605.16	0.00	2.04
EPOR Energy Sector - Power	INR		408.89	59.59	97.24	129.59
INRD Infrastructure Sector- Road	INR		785.91	2,962.20	2,419.34	1,244.73
INRL Infrastructure Sector- Railway	INR		226.25	257.14	616.33	74.39
OTHR Others	INR		0.00	0.00	7.68	15.88
PR Panchayati Raj	INR		0.00	0.00	0.00	14.50
SOSE_EDU Social Sector Education	INR		0.00	6.05	7.03	13.36
URDE Urban Development	INR		573.23	602.10	1,385.92	462.49
WRMN Water Resources Management	INR		1,144.83	1,080.90	971.84	462.87
WS Water Supply and Sanitation	INR		0.00	0.00	184.27	147.06
<b>Total</b>	<b>INR</b>		<b>3,402.69</b>	<b>5,634.81</b>	<b>5,782.39</b>	<b>4,299.55</b>
<b>IDA</b>						
AGRD Agriculture	INR		483.77	709.94	693.91	246.49
ENRD Environment and Forestry	INR		145.16	229.40	157.17	125.28
FINANCE Financial Sector	INR		2.88	51.13	0.00	0.00
HEALTH Health Sector	INR		-429.93	412.54	594.29	442.86
INGN Infrastructure Sector-General	INR		246.11	257.44	274.29	228.48
INRD Infrastructure Sector- Road	INR		1,820.16	1,050.91	745.18	1,066.51
LJPA Law and justice and public administration	INR		142.09	243.10	14.56	369.32
NDM Natural Disaster Management	INR		405.81	458.60	621.09	627.33
RD Rural Development	INR		1,008.84	702.54	1,504.93	560.41
SOSE Social	INR		279.04	123.64	215.16	6.69
SOSE_EDU Social Sector Education	INR		832.96	2,857.97	3,248.24	1,656.45
URDE Urban Development	INR		4.51	13.34	13.34	7.98
WRMN Water Resources Management	INR		261.81	254.90	574.27	467.01
WS Water Supply and Sanitation	INR		675.84	649.77	786.38	281.45
<b>Total</b>	<b>INR</b>		<b>6,738.90</b>	<b>8,015.21</b>	<b>9,442.79</b>	<b>6,086.25</b>
<b>IFAD</b>						
AGRD Agriculture	INR		51.77	27.76	26.11	11.79
RD Rural Development	INR		92.63	52.89	114.69	54.86
SOSE Social	INR		65.89	111.09	79.25	93.13
<b>Total</b>	<b>INR</b>		<b>210.29</b>	<b>191.74</b>	<b>220.05</b>	<b>159.78</b>
<b>Grand Total</b>			<b>14,614.88</b>	<b>20,419.37</b>	<b>22,622.13</b>	<b>15,491.70</b>

Note : Data for current financial year (2016-2017) upto 21/11/2016 . Provisional 2015-2016,2014-2015