

**LOK SABHA**

**UNSTARRED QUESTION NO. 3844**

**TO BE ANSWERED ON FRIDAY, MARCH 24, 2017 / Chaitra 3, 1939 (Saka)**

**World Bank Loans**

**QUESTION**

3844. SHRI ASHOK SHANKARRAO CHAVAN:

SHRI BIDYUT BARAN MAHATO:

SHRI S.R. VIJAYAKUMAR:

SHRI SUDHEER GUPTA:

KUNWAR HARIBANSH SINGH:

Will the Minister of **FINANCE** be pleased to state: -

- (a) Whether the Government has met the Chief Executive Office of World Bank recently and if so, the details thereof and the issues discussed in the meeting along with the outcome thereto;
- (b) whether the Government has requested the World Bank to lower the effective rate of interest on World Bank loan by removing the commitment charges levied on the undisbursed loans;
- (c) if so, the details thereof along with the response of the World Bank thereto;
- (d) whether India has sought an assistance/loan from World Bank to clear huge pipeline of projects; and
- (e) if so, the details thereof and the amount likely to be sanctioned along with the terms and conditions thereto?

**ANSWER**

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

- (a) Yes Sir. The Chief Executive Officer of World Bank Group, Ms. Kristalina Georgieva was on visit to India from 27th February to 02nd March, 2017. During her visit, she held meetings with the Hon'ble Finance Minister, Hon'ble Chief

Minister of Maharashtra, senior officials from Government of India, RBI, and some World Bank Group Project Implementing authorities. The discussions during the meeting ranged from the World Bank's strategy and program in India to the performance of World Bank Group projects.

The CEO was apprised of the various policy issues pertaining to the World Bank Group and the site visit helped her get a first-hand experience of the implementation of the World Bank projects in India.

(b) & (c): Yes Sir. Since the World Bank Group projects are required to pay commitment charge of 25 basis point even on the part of the loan which they have committed to draw only in subsequent years, hence the World Bank Group was requested to lower the effective rate of interest on World Bank loan by removing the commitment charges levied on the undisbursed loans.

During the discussions, the World Bank Group acknowledged India's concern and stated that the removal of commitment charges will be difficult to adopt due to the tight cost recovery guidelines of the World Bank Group. However it was appreciated during the meetings that efficient project structuring helps in minimizing the burden of the commitment charges.

(d) & (e): Yes Sir. The details of the pipeline projects for assistance of USD 9432.4 Million from the World Bank Group are at Annexure 'A'.

The final decision to select a project and extend loan/assistance along with quantum of loan rests with the World Bank. The same is intimated to the Government of India from time to time as and when a particular project is ready for implementation for the purpose of loan negotiation and signing of loan.

All financial assistance to India is governed by legal agreements, which inter-alia describe the terms and conditions of individual loans according to the financial product(s) opted by the Government. The rate of interest and norms fixed for repayment of the loans vary from loan to loan and are defined in the respective legal documents. Summary of interest rates and applicable charges in respect IBRD loans is at Annexure 'B'.

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**Annexure-A**

<b>Project name</b>	<b>IBRD Commitment Amount (in USD Million)</b>
Shared Infrastructure for Solar Parks	75.0
Capacity Augmentation of National Waterway I	375.0
Karnataka Strengthening Governance and Service	209.0
National Agricultural Higher Education	82.5
Uttarakhand Workforce Development	74.0
24x7 - Power for all in Andhra Pradesh	240.0
Madhya Pradesh Urban Development	116.2
Assam Agri-business& Rural Transformation	200.0
Innovate in India (I3)	125.0
Himachal Public Financial Management Capacity Building Program	36.0
Assam State Public Finance Institutional Reforms (ASPIRe) Project	35.0
Tamil Nadu Rural Transformation Project	100.0
National GW Management Improvement Program	500.0
Skill India Mission Operation	500.0
Jharkhand Opportunities for Harnessing Rural Growth Project	100.0
UP Pro-poor Tourism Development Project	105.0
UP Core Road Network Development	400.0
Assam Citizen-Centric Service Delivery	39.2
Strengthening Public Financial Management in Rajasthan	21.7
Madhya Pradesh Rural Connectivity Project	210.8
Rajasthan State Highways Development Program II	250.0
Meghalaya Landscapes Project	60.0
Uttarakhand Water Supply & Sanitation	120.0
Jharkhand Municipal Development Project	210.0
Tamil Nadu Irrigated Agriculture Modernization Project	318.0
Rajasthan Electric Distribution Reform 2	250.0
Odisha Higher Education Project	119.0
Maharashtra Project on Climate Resilient Agriculture	480.0
Andhra Pradesh Integrated Irrigation & Agriculture Transformation Project	170.0

Karnataka Urban Water Supply Modernization Project - Additional Financing	100.0
Assam Inland Water Transport Project	120.0
Madhya Pradesh Public Financial Management Strengthening Project	33.0
India Smart Cities Program	500.0
Amaravati Sustainable Capital City Development	300.0
Innovation in Solar & Hybrid Technologies	180.0
India Energy Efficiency Scale-up Program	300.0
Uttar Pradesh Solid Waste Management Project	85.0
Shimla WSS Project	85.0
Jharkhand Power System Improvement Project	404.0
Himachal Pradesh: Forests for Prosperity	100.0
Assam Flood Erosion River Modernisation	250.0
Jharkhand Service Delivery Project	47.6
West Bengal Major Irrigation Project	145.0
HP State Roads Project II	0.0
Climate Resilient Agriculture Project	161.4
MUTP 3	600.0
Pune Metro Rail Project	500.0
<b>Total assistance</b>	<b>9,432.4</b>

## Annexure B

Terms and Conditions of World Bank Group

Donor	Currency	Type of Loan/Credit	Rate of Interest	Maturity Period	Other Charges
1	2	3	4	5	6
International Bank for Reconstruction and Development (IBRD)	USD	Variable or Fixed spread	LIBOR + Spread	Average maturity up to 20 Years.	Commitment Charges @ 0.25 % p.a. Front-End Fee of 0.25 % on Loan Agreement amount (Applicable on current loans).