

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION No. 2508
TO BE ANSWERED ON MARCH 9, 2018

LOAN AGREEMENT WITH NEW DEVELOPMENT BANK

2508. SHRI.P.R.SUNDARAM, DR. HEENA VIJAYKUMAR GAVIT,
DR.J.JAYAVARDHAN, SHRIMATI SPURIYA SULE AND SHRI MOHITE PATIL
VIJAYSINH SHANKARRAO

Will the Minister of FINANCE be pleased to state:

- a. whether his Ministry has signed second loan agreement for financing of Rajasthan Water Sector Restructuring Project for Desert Areas with New Development Bank recently;
- b. if so, the details thereof along with terms and conditions thereof;
- c. the aims and objectives of said loans along with ongoing projects in association with NDB;
- d. the quantum of loans provided by NDB and the time by which it is likely to be released; and
- e. the benefit that would accrue from this agreement along with the number of international loan agreement signed by India with various international organizations/banks for development projects during the last three years and the current year?

ANSWER

**MINISTER OF STATE IN THE MINISTER OF FINANCE
(SHRI PON. RADHAKRISHANAN)**

- (a) and (b): Yes Sir. The terms and conditions for the loan agreement signed between Government of India and New Development Bank (NDB) for 'Rajasthan Water Sector Restructuring Project for Desert Areas' is at Annexure.

(c) and (d): The Rajasthan Water Sector Restructuring Project for Desert Areas aims to rehabilitate 678 km long Indira Gandhi Canal system in order to prevent seepage, conserve water, and enhance water use efficiency. Other than the Rajasthan Water Sector Restructuring Project for Desert Areas, another ongoing project in India in association with NDB is the 'Development and Upgradation of Major District Roads in Madhya Pradesh' which aims to upgrade major district roads in the State of Madhya Pradesh to improve connectivity of the interior areas of the state with the national and state highway networks and resultant boost to economic activity in the rural hinterland. New Development Bank has released INR 1,372,057,943 (USD 21,371,643.82) till 8th March 2018, for the Development and Upgradation of Major District Roads in Madhya Pradesh. The loan instalments are released by NDB based on the reimbursement claim submitted by the project implementing agencies.

(e): The benefits of the Rajasthan Water Sector Restructuring Project would be arresting the seepage by rehabilitating the deteriorating canal lining of the Indira Gandhi Nahar Project (IGNP), rehabilitation of waterlogged areas; modernization and optimization of the irrigation management practices in the project area by involvement of the water users' associations (WUA) in the command area and strengthening of drinking water supply and irrigation facilities in the project area. Similarly, the Development and Upgradation of Major District Roads in Madhya Pradesh Project would improve transport connectivity to the interior regions and resultant boost to economic activity in the rural hinterland through upgradation, rehabilitation or reconstruction of approx. 1,500 km of district roads to intermediate lane, all-weather standards, with road safety features and improved road asset maintenance & management. The number of international loan agreement signed by India with various international organizations/ banks for development projects during the last three years and the current year is given below:

Year	Number of Loan Agreements Signed
2014-15	47
2015-16	58
2016-17	55
2017-18	33

Annexure

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) and (b) OF LOK SABHA UNSTARRED QUESTION NO. 2508 FOR 9th MARCH, 2018 ASKED BY SHRI.P.R.SUNDARAM, DR. HEENA VIJAYKUMAR GAVIT, DR.J.JAYAVARDHAN, SHRIMATI SPURIYA SULE AND SHRI MOHITE PATIL VIJAYSINH SHANKARRAO REGARDING LOAN AGREEMENT WITH NEW DEVELOPMENT BANK

Statement indicating terms and conditions of the Loan Agreement between the Government of India and New Development Bank for the Rajasthan Water Sector Restructuring Project for the Desert Areas

Loan Amount	USD 100 million
Currency	USD
Payments	Loan amount to be paid back in 38 semi-annual installments
Grace Period	Six Years
Project Entity	Water Resources Department, Government of Rajasthan
Front End Fee	0.25% (Zero Decimal Two Five Percent) of the Loan amount
Commitment Charge	<p>The commitment charge payable is 0.25% (Zero Decimal Two Five Percent) effective 60 (Sixty) days from the date of signing of the Loan Agreement, calculated on the following basis:</p> <ol style="list-style-type: none">12 (Twelve) months after the date of signing of the Loan Agreement, on 15% (Fifteen Percent) of the Loan amount less amounts disbursed;24 (Twenty Four) months after the date of signing of the Loan Agreement, on 45% (Forty Five Percent) of the Loan amount less amounts disbursed;36 (Thirty Six) months after the date of signing of the Loan Agreement, on 85% (Eighty Five Percent) of the Loan amount less amounts disbursed; andThereafter, on the entire undisbursed Loan amount. <p>Provided however that if the amount disbursed at the end of the first year, second year and the third year after date of signing of</p>

	the Loan Agreement exceeds respectively, 15%, 45% and 85% of the Loan amount, then the commitment charge shall be NIL.
Interest	Interest shall be payable at the Interest Rate which shall be a sum of the LIBOR (which is calculated on a 6 monthly basis) and the Spread which shall mean 1.20% p.a. (One Decimal Two Zero Per Cent PerAnnum).
Others	The Government of India shall cause the Project Entity (Water Resource Department, Government of Rajasthan) to comply with the NDB Procurement Policy (as amended from time to time) and NDB Environment and Social Framework Policy (as amended from time to time).