

GOVERNMENT OF INDIA
MINISTRY OF EXTERNAL AFFAIRS

LOK SABHA
STARRED QUESTION NO.96
TO BE ANSWERED ON 22.07.2022

LOAN TO SRI LANKA

*96. SHRI RAMALINGAM S.:

Will the Minister of **EXTERNAL AFFAIRS** be pleased to state:

- (a) the total amount of various kind of short-term and long term loans granted by the Union Government to the Government of Sri Lanka during the last 10 years along with the terms and conditions;
- (b) whether the Government has extended any kind of help including financial assistance to Government of Sri Lanka to overcome the recent economic crisis in Sri Lanka;
- (c) if so, the details thereof; and
- (d) the steps taken/proposed to be taken to recover the loan from the Government of Sri Lanka?

ANSWER
THE MINISTER OF EXTERNAL AFFAIRS
(DR. SUBRAHMANYAM JAISHANKAR)

(a) to (d) A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA STARRED QUESTION No. *96 REGARDING 'LOAN TO SRI LANKA' FOR ANSWER ON 22.07.2022.

(a) to (d) Government of India has extended 08 Lines of Credit (LOCs) to Sri Lanka amounting to USD 1850.64 million in sectors including railways, infrastructure, defence, renewable energy, petroleum and fertilizers in the past 10 years.

Under its 'Neighbourhood First' policy, Government is committed to developing friendly and mutually beneficial relations with all its neighbours. In line with this policy, India continues to assist Sri Lanka in its economic development as also support it in overcoming its economic challenges. In January 2022, India extended a US\$ 400 million currency swap to Sri Lanka under the SAARC Framework and deferred successive Asian Clearing Union (A.C.U.) settlements till July 6, 2022. A Line of Credit of US\$ 500 million was extended to Sri Lanka for importing fuel from India. In addition, India has extended a credit facility of US\$ 1 billion for the procurement of food, medicines and other essential items from India. Humanitarian assistance was also provided to Sri Lanka by gifting essential medicines worth about INR 6 crores, 15,000 litres of kerosene oil and US \$ 55 million LoC for procurement of Urea fertilizer. Government of Tamil Nadu has contributed rice, milk powder and medicines worth US\$ 16 million, as part of the larger Indian assistance effort.

Development assistance under Lines of Credit (LoCs) is extended in accordance with the Indian Development and Economic Assistance Scheme (IDEAS) guidelines of the Government of India. In accordance with these guidelines, the terms of these soft loans are transparent, with low rate of interest, moratorium in principal repayment, long repayment period and in-built flexibility.

In case of the delay in repayment by borrowing Government, the issue is taken up bilaterally.
