

Financial Assistance from IDA for Cashewnut Production in Karnataka

632. SHRI OSCAR FERNANDES: Will the Minister of FINANCE be pleased to state:

(a) whether the International Development Association, an affiliate of the World Bank, has promised helping finance cashewnut production in Karnataka; and

(b) if so, the reasons therefor; and interest and other conditions of the agreement in this regard ?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): (a) Yes, Sir. The International Development Association (IDA), an affiliate of the World Bank, approved the proposal for giving assistance of \$22.0 million (Rs. 18.2 crores) for promoting production of cashewnut in Karnataka and three other States over a period of five years.

(b) The financial assistance from IDA is available to the Government of India interest-free and bears only a service charge of 3/4 of one percent and is repayable over a 50 year period including an initial grace period of ten years.

Out of the credit proceeds, US\$13.7 million (Rs. 11.34 crores) will be lent to the Agricultural Refinance and Development Corporation (ARDC) on interest rate of 6 per cent for 9 years and 6.5 per cent for the period between 9 and 15 years. The ARDC will use this amount to refinance loans to cashewnut growers in the States of Andhra Pradesh, Karnataka, Kerala and Orissa through the participating banks. An amount of \$ 7 million (Rs. 5.79 crores) is meant for works and schemes in the four States for promoting cashew plantations through the State Corporations and by subsidy

to the farmers. Of this amount, 70 per cent of the aid disbursed related to the expenditures incurred by the concerned State Governments from out of their own budgetary resources will be passed on to the States according to the standard norms for Central assistance to States. The remaining amount of \$ 1.3 million (Rs. 1.07 crores) will be utilised by the Government of India to finance cashew research and study.

The project would cover 61,000 hectares either by way of new plantations or by improvement of existing plantations. The other conditions include the standard terms of lending by the ARDC to participating banks and participating banks to ultimate borrowers. Some other important conditions are:

(i) Setting up a Coordination Committee comprising the representatives of the Governments of the four Project States, Ministry of Agriculture, Ministry of Commerce, ARDC, ICAR and Cashew Directorate for monitoring and coordinating the implementation of the Project, consolidating Annual Work Programmes and forwarding progress reports to IDA,

(ii) Undertaking of a study for improvement of the organisational structure of the cashew industry,

(iii) Finalising the research programme in consultation with IDA and

(iv) Provision of subsidy to the farmers to be equally shared by the Government of India and the Project States for new cashew plantations. The States of Andhra Pradesh and Karnataka would also subsidise about 25 per cent of the cost to farmers undertaking cashew improvement programmes. The quantum of subsidy would, however, be subject to a ceiling of Rs. 900 or 25 per cent of the cost per hectare whichever is less.