

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:500

ANSWERED ON:28.04.2000

LIFTING OF BAN ON WORLD BANK LOAN

MADHAVRAO SCINDIA;SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of FINANCE be pleased to state:

- (a) whether during the recent visit of US President to New Delhi, the Government had stressed the need for immediate end to the ban on World Bank Development loans;
- (b) if so, the response of the US President thereto;
- (c) the extent of World Bank Development Loans needed this year and the details of the loans withheld which have already been in the pipe-line;
- (d) whether the World Bank has now agreed to continue its lending programme to India;
- (e) if so, the time by which the lending programme is likely to be start; and
- (f) the amount likely to be provided by the World Bank to India during 2000-2001?

Answer

FINANCE MINISTER (SHRI YASHWANT SINHA)

- (a) Government uses every bilateral opportunity, including during the visit of President Clinton to India, to convey to the US that all unilateral restrictions against India are unjustified & counter-productive and should be completely lifted.
- (b) The US has lifted a number of restrictions it imposed on India after the nuclear tests of May 1998. The US has not indicated the time-frame for lifting the remaining restrictions.
- (c) to (f) After May 1998, the Executive Board of the Bank has not been supporting the projects not perceived as coming under the 'basic human needs' category. However, loan disbursements in the case of all on-going projects continued. Four projects viz. Powergrid III, IREDA Renewable Energy, Haryana State Highway & State Highway (Gujarat), with a total aggregate commitment of US \$ 1236 millions, which were negotiated prior to May 98, have not so far been approved by the Board. Due to the efforts of the Government of India, AP Power Restructuring Project was approved by the World Bank in February 1999. IFC (an arm of World Bank) Board has also approved loans to Integrated Coal Mining Pvt Ltd. in Feb 99, M/s Carraro India Ltd. in March 99, M/s Moser Baer India Ltd. in April 99, M/s Astha Power Corp. Pvt Ltd. in Sept 99, Sundaram Home Finance Ltd. in Dec 99 and Henkel Spic Ltd. in Dec 99. On 25.4.2000, the Bank Board approved the UP Fiscal Reforms and UP Power Sector Restructuring Loans. These are cases of projects in non-basic human needs category approved by the World Bank and its affiliates after May 98. The aggregate Bank commitment for this Fiscal Year is expected to be approx. US \$ 1.6 billions. This excludes the commitment of US \$ 1.2 billion relating to 4 road, power and renewable energy projects referred to above. Finance Minister met World Bank President Mr. Wolfensohn at Washington on 15.4.2000. Mr. Wolfensohn indicated that in view of the improved climate created by President Clinton's visit to India, Bank would take steps to consider all pending projects expeditiously. The World Bank commitment has generally been in the range of US \$ 1.1 to 2 billion per year and the likely commitment for 2000-2001 is expected to be at the same level.