

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:398
ANSWERED ON:19.04.2002
WORLD BANK LOAN
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Will the Minister of FINANCE be pleased to state:

- (a) whether the World Bank has approved loans worth \$665 million to India for four developmental projects including two schemes to support economic reforms and transport project in four States;
- (b) if so, the details thereof;
- (c) whether the World Bank has also approved a total of \$350 million for two projects to support economic reforms in Karnataka and Andhra Pradesh;
- (d) if so, the details thereof;
- (e) whether the World Bank's decision making Board approved \$100 million to Karnataka for undertaking structural adjustments including fiscal reforms and efforts to make Government more transparent and efficient; and
- (f) if so, the time by which the States are likely to avail this fund?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (f) : A statement is laid on the Table of the House.

Statement

The World Bank approved following four loans totaling \$ 665 million for India:

1. Andhra Pradesh Economic Reform Restructuring Programme
2. Karnataka Economic Restructuring Programme
3. Kerala State Transport
4. Mizoram State Road

These above four programmes/ projects include two programmes with a total loan commitment of \$350 million for Andhra Pradesh and Karnataka to support fiscal reforms in these two states.

The details of the four loans are as under:

(US \$ million)

Name of Programme/ Project	Loan from
	International Bank for Reconstruction and Development Soft Loan from International Development Association

Total

Andhra Pradesh Economic Reform Restructuring	125	125	250
Karnataka Economic Restructuring	50	50	100
Kerala State Transport	255	-	255
Mizoram State Road	-	60	60

Total 430 235 665

The IBRD loans have been provided on single currency variable spread basis for a period of 20 years, with an initial moratorium of five years and the IDA credit is interest free, payable in 35 years and has a 10 years grace period. There is a .75% service charge on IDA credits. IBRD loans attract a front end fee of 1% and have a commitment fee of 75 basis points. IDA credits have a commitment fee of 50 basis points.

The Karnataka Economic Restructuring Loan of USD 100 million has been approved by the Board with the following three major components:-

- Fiscal reforms with the aim of restructuring expenditure to meet development priorities, achieve sustainable fiscal balance and reduce the burden of public debt .
- Public expenditure management and financial accountability reforms.
- Governance reforms to meet the public service and enhance accountability of governmental activities.

The loan/credit amount in respect of Andhra Pradesh Economic Reforms and Karnataka Economic Restructuring projects have already been received and made available to the States. The other two loans being investment loans will be disbursed based on the progress of projects and submission of reimbursement claims.