

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:1064
ANSWERED ON:07.03.2007
SEEKING OF LOAN FROM WORLD BANK
Mahato Shri Narahari

Will the Minister of COAL be pleased to state:

- (a) whether the Government has sought loan from World Bank for the new mining projects and expansion of the existing coal mines;
- (b) if so, the details thereof;
- (c) the operative conditions and norms of the proposal has been laid down in this regard;
- (d) whether the World Bank has set any mandatory norm for rehabilitation and re-training of tribals affected by such projects;
- (e) whether the Government has been able to attain the rehabilitation / re-training norms set by the World Bank considering the prevailing mining conditions; and
- (f) if not, the reasons therefor;

Answer

MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a): Government has not sought loan from World Bank for new mining projects. However in the year 1998 Coal India had taken loan from World Bank for expansion of the existing coal mines.

(b): There were two projects under World Bank Loan and Borrowing.

(i). Coal Sector Rehabilitation Project (CSRP)

(ii). Coal Sector Environmental and Social Mitigation Project (CSESMP)

CSRP covered 24 Projects and CSESMP covered the same 24 projects and 1 additional project under 5 Subsidiaries of Coal India Limited viz. CCL, MCL, SECL, WCL and NCL.

(i). Coal Sector Rehabilitation Project (CSRP)

The net utilization of loan as disbursed by International Bank for Reconstruction and Development -IBRD (Agreement dated 19 March 1998) and Japan Bank for International Co-operation - JBIC (Agreement dated 13 April 1998) is to the tune of USD 245.73 million and JPY 28,440.82 million respectively, for procurement of equipment and technical assistance under Coal Sector Rehabilitation Project (CSRP).The disbursement for funding of procurement by IBRD and JBIC was completed in December 2003. As such, there is no withdrawal of loan since January 2004.

(ii). Coal Sector Environmental and Social Mitigation Project (CSESMP)

The Coal Sector Environmental and Social Mitigation Project (CSESMP) (Agreement dated 05 June 1996) with International Development Association - IDA having its major activities under Environmental Action Plan (EAP), Rehabilitation Action Plan (RAP), and Indigenous People Development Plan (IPDP) have been completed as per schedule. As per the date stipulated by IDA, the project has been closed on 30th June-02. A total amount of USD 39.25 Million

(equivalent to Rs. 177.69 Crore) has been disbursed as IDA credit and the entire repayment of borrowing has already been made in the financial year 2005-06.

(c): Terms and Conditions laid down in the loan agreement are as below:

Terms

1. The principal amount of each Subsidiary Loan made by the Borrower to a Participating Subsidiary.

(a) shall be equal to the amount of Dollars withdrawn on account of a Participating Subsidiary's respective part of the Project: and

(b) shall be repaid in the currency of the Borrower in amounts equivalent (as of the date or respective dates of payment) to the amount in dollars so made available.

2. Participating Subsidiary concerned shall repay such principal amount over a period of twenty (20) years, inclusive of the grace period of five (5).

3. Borrower shall charge:

(i) interest on such principal amount withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time under the Loan Agreement, and

(ii) a guarantee fee and service charge.

4. The Borrower shall charge a commitment charge on such principal amount, not withdrawn from time to time at the rate set forth in the Agreement.

Conditions

The Subsidiary Loan Agreements shall include the following provisions whereby;

1. Each Participating Subsidiary shall undertake to:

(a) carry out its respective part of the Project with due diligence and efficiency and in accordance with the appropriate administrative, environmental, financial, social and technical standards and practices; and

(b) without limitation on the foregoing take all measures necessary to ensure that its respective part of the Project shall be implemented in accordance with the Implementation program of the Agreement.

2. Each Participating Subsidiary shall agree that: (a) all procurement of goods, works and services to be financed out of the Subsidiary Loan shall be carried out by the Borrower on behalf of the Participating Subsidiaries and in accordance with the provisions of the Agreement: and

(b) such goods, works and services shall be utilized exclusively in the carrying out of its respective part of the Project.

3. Each Participating Subsidiary shall undertake to enable the Borrower and the Bank to inspect such goods, works and services and the sites included in its respective parts of the Project, the operation thereof, and any relevant records and documents.

4. Each Participating Subsidiary shall undertake to take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice, including, without limitation, such insurance to cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Subsidiary Loan to the place of use or installation, any indemnity there under to be made payable in a currency freely usable by the Borrower to replace or repair such goods.

5. Each Participating Subsidiary shall undertake to comply with the obligation set forth in the Agreement.

(d): CIL's R&R Policy-1994 has the norms for rehabilitation and Re-training. The policy was framed before the agreement with the World Bank. The R&R Policy was modified in Aug 2000 considering the experience gained in implementation of the CSESMP Projects.

(e): CIL has been able to attain the rehabilitation/ Re- training norms set in its R&R policy.

(f): Not applicable.