

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5205
ANSWERED ON:27.08.2010
LINE OF CREDIT FOR SETTING UP OF SUGAR FACTORIES
Singh Dr. Raghuvansh Prasad

Will the Minister of FINANCE be pleased to state:

- (a) whether Line of Credit (LoC) of US\$ 640 million for the setting up of sugar factory projects, has been extended by the Government of India (GoI) to Government of Ethiopia (GoE);
- (b) if so, the complete details thereof; and
- (c) the details of instalment of LoC released in this connection alongwith relevant guidelines violated by such action, if any, alongwith the reaction of the Union Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a), (b) and (c): In response to a request of the Government of Ethiopia for the extension of a Line of Credit of US\$ 640 million for the development of the country's sugar sector, two tranches of US\$ 122 million and US\$ 166.23 million respectively have been sanctioned by Government. Under 1st tranche of US\$ 122.00 million, disbursement of the tune of US\$ 66.50 million has been made so far and under 2nd tranche of US\$ 166.23 million, disbursements to the tune of US\$ 43.50 million has been made so far. The guidelines of the Lines of Credit stipulate inter-alia that the projects undertaken by utilizing them have to be executed by the Indian companies. In keeping with this stipulation, the Government of Ethiopia has appointed Indian parties, including as EPC contractors, for undertaking the projects. Complaints have been received including in respect of an EPC contractor. Ceitain Indian parties have also approached Indian Courts and the matter remains sub-judice.