

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4083

ANSWERED ON:26.08.2011

PENALTY ON UNSPENT LOAN

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Will the Minister of FINANCE be pleased to state:

- (a) whether India paid any penalty for not utilization of loans from agencies such as World Bank and other multilateral agencies like Asian Development Bank (ADB) and some bilateral donors;
- (b) is so, the reasons for non-utilisation of such loans;
- (c) the details of loan amounts lying unspent with the Government as on date;
- (d) the details of the commitment charges paid to external agencies during the last three years and current year;
- (e) the steps taken by the Union Government to minimize the penalty and to fix the responsibility for non-utilisation of the loans from external agencies as well as internal agencies?

Answer

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

- (a) & (b): No penalty is payable for non-utilization of loans from external agencies. However, Commitment Charges are levied by the lending agencies for holding undisbursed balances of loan commitments. The total loan available, at times, is not utilized because of large size and complexities of the project concerned.
- (c) No funds are lying unspent with the Government. The amount is released by the Donor Agency from time to time as per implementation schedule, on re-imbursement basis.
- (d) As per Annexure.
- (e) Regular review meetings are held with all stakeholders to monitor physical and financial progress of projects on regular basis. However, commitment charges levied are inherent part of terms & conditions of a loan/credit agreement.