

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4872  
ANSWERED ON:07.08.2009  
WORLD BANK LOANS FOR RECAPITALISATION OF PSBS  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether India is presently getting a blend of soft ideal loans and quasi-commercial World Bank (WB) loans;
- (b) if so, the details thereof;
- (c) whether this package contains a proposed US \$3.2 billion for recapitalizing public sector banks;
- (d) if so, the details thereof;
- (e) whether the Government proposes to borrow funds from World Bank to prop up a still flawed banking system rather than raising funds from debt market;and
- (f) if so, the details thereof and the reasons therefor?

**Answer**

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

- (a) & (b) India is taking loans from the International Bank for Reconstruction and Development (IBRD) and credit (soft loan) from the International Development Association (IDA). The cumulative commitment of the World Bank (IBRD and IDA) loans to India till June 2009 is US\$73.93 Billion (IBRD-US\$37.68 Billion and IDA US\$36.25 Billion)
- (c) & (d) Yes, Sir. To enable the public sector banks (PSBs) to meet credit requirements of the economy while maintaining a healthy and comfortable level of regulatory capital to risk-weighted assets ratio, a proposal has been sent to the World Bank.
- (e) & (f) No, Sir. The assessment of the Indian financial system during 2007-08 done by the Reserve Bank of India shows that the banking sector in India continues to be healthy, sound and resilient.