

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3510
ANSWERED ON:14.12.2012
INDIA S ENTITLEMENT IN WORLD BANK
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Will the Minister of FINANCE be pleased to state:

- (a) whether Government has approached World Bank to increase India's entitlement of loan ;
- (b) if so, the details thereof and the reasons therefor;
- (c) the present position of borrowing of loans by Government from foreign agencies;
- (d) the interest being paid by Government on such borrowings; and
- (e) the steps taken by the Government to make payments of the principal loan amounts?

Answer

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

(a) & (b) World Bank lending comes from the International Bank of Reconstruction and Development (IBRD) and the International Development Association (IDA). As far as IBRD is concerned, there is a Single Borrower Limit (SBL) of US \$ 17.5 billion for India. India is fast approaching the SBL (based on exposure calculations). A country could be allowed to go up-to the Equitable Access Limit (EAL) which is US \$ 21.8 billion in the IBRD. India is negotiating an arrangement with the IBRD to keep the option open to borrow up-to US \$ 21.8 billion. This will enable India to take up projects already posed to the IBRD, as well as some other projects where involvement of the IBRD could be beneficial.

As far as IDA is concerned, as per present norms of IDA, when a country's GNI per capita exceeds an operational cut off and remains above that for 2 years, the process for its graduation from IDA is triggered. India has crossed the GNI per capita threshold of US \$ 1165 in FY 2011 (and the threshold of US \$ 1175 per capita in FY 2012). Therefore, as per present norms, India would have to graduate from IDA. However, international deliberations are taking place regarding the IDA architecture and its continued engagement with countries that still have large population of poor. The outcome of these deliberations cannot be predicted.

(c) The quantum of borrowings from all Multilateral and Bilateral donors as on 10th December, 2012 is Rs.343081.74 crores.

(d) The interest paid on the external borrowings is as follows:

Year	Amount of Interest Paid (in Rs. Crore)
2009-10	3539.14
2010-11	3043.70
2011-12	3417.84
2012-13 (Up to 10-12-2012)	2370.75

(e) Both principal and interest on loans are repaid every year as per the terms of the Borrowing Agreements and the same is provided as 'Charged Expenditure' in the General Budget for the year. Repayment of principal and payment of interest is ensured on due dates.