

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3844

ANSWERED ON:24.03.2017

World Bank Loans

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**Will the Minister of FINANCE be pleased to state:**

- (a) Whether the Government has met the Chief Executive Office of World Bank recently and if so, the details thereof and the issues discuss in the meeting along with the outcome thereto;
- (b) whether the Government has requested the World Bank to lower the effective rate of interest on World Bank loan by removing the commitment charges levied on the undisbursed loans;
- (c) if so, the details thereof along with the response of the World Bank thereto;
- (d) whether India has sought an assistance/loan from World Bank to clear huge pipeline of projects; and
- (e) if so, the details thereof and the amount likely to be sanctioned along with the terms and conditions thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ARJUN RAM MEGHWAL)

(a) Yes Sir. The Chief Executive Officer of World Bank Group, Ms. Kristalina Georgieva was on visit to India from 27th February to 02nd March, 2017. During her visit, she held meetings with the Hon'ble Finance Minister, Hon'ble Chief Minister of Maharashtra, senior officials from Government of India, RBI, and some World Bank Group Project Implementing authorities. The discussions during the meeting ranged from the World Bank's strategy and program in India to the performance of World Bank Group projects. The CEO was apprised of the various policy issues pertaining to the World Bank Group and the site visit helped her get a first-hand experience of the implementation of the World Bank projects in India.

(b) & (c): Yes Sir. Since the World Bank Group projects are required to pay commitment charge of 25 basis point even on the part of the loan which they have committed to draw only in subsequent years, hence the World Bank Group was requested to lower the effective rate of interest on World Bank loan by removing the commitment charges levied on the undisbursed loans. During the discussions, the World Bank Group acknowledged India's concern and stated that the removal of commitment charges will be difficult to adopt due to the tight cost recovery guidelines of the World Bank Group. However it was appreciated during the meetings that efficient project structuring helps in minimizing the burden of the commitment charges.

(d) & (e): Yes Sir. The details of the pipeline projects for assistance of USD 9432.4 Million from the World Bank Group are at Annexure 'A'.

The final decision to select a project and extend loan/assistance along with quantum of loan rests with the World Bank. The same is intimated to the Government of India from time to time as and when a particular project is ready for implementation for the purpose of loan negotiation and signing of loan.

All financial assistance to India is governed by legal agreements, which inter-alia describe the terms and conditions of individual loans according to the financial product(s) opted by the Government. The rate of interest and norms fixed for repayment of the loans vary from loan to loan and are defined in the respective legal documents. Summary of interest rates and applicable charges in respect IBRD loans is at Annexure 'B'.