

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:801
ANSWERED ON:24.02.2006
ADB LOAN TO KERALA
Chandrappan Shri C.K.

Will the Minister of FINANCE be pleased to state:

- (a) Whether the State Government of Kerala has taken loan from ADB (Asian Development Bank) for different purposes in the State during the last three years;
- (b) If so, the areas in which ADB loan is spent in Kerala and the years in which the agreement for each of these loans are entered into;
- (c) The terms and conditions of the rate of interest and the terms of refund of the loan;
- (d) Whether huge consultative fees are levied by the ADB on Kerala for such loan; and
- (e) If so, the details thereof?

Answer

MINISTER OF STATE FOR FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) Yes, Sir. ADB has provided a package of US \$ 56.25 million (\$ 32.45 million is on loan basis & \$ 23.80 million is on grant basis) under the TEAP [Tsunami Emergency Assistance (Sector) Project] to Kerala.
- (b) Objective of Project is to support the efforts of State Govt of Kerala for accelerated economic growth & poverty alleviation in the Tsunami affected areas primarily through restoration of livelihoods, especially of the poor, and rehabilitation and reconstruction of damaged public infrastructure. Date of signing of loan was 12th May, 2005 and loan became effective w.e.f. 1st June, 2005.
- (c) Interest at the rate of 0.6% over the six-month London Interbank Offer Rate (LIBOR) is charged on the loan. In addition, there is a commitment fee of 0.75% per annum that is charged on undisbursed loan balances in progressively increasing amounts. Loan is repayable over a period of 24 years starting from July, 2013 in six-monthly instalments, after an initial grace period of 8 years. However, Government of India will pass the loan to the State Government on standard terms & conditions applicable to externally aided projects prior to 1.4.2005.
- (d) & (e): ADB does not levy any consultation fees.