

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1506  
ANSWERED ON:04.08.2006  
WORLD BANK LOAN TO ORISSA  
Deora Shri Milind Murl

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

- (a) whether the World Bank has agreed to sanction a loan of \$ 225 million to Orissa;
- (b) if so, the term and conditions of the said loan; (
- (c) the purposes for which it is likely to be utilized;
- (d) whether the World Bank had sanctioned \$ 125 million in the first phase in December, 2004; and
- (e) if so, whether the sanctioned loan has been utilized for the purposes for which it was sought?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (PAWAN KUMAR BANSAL)

(a) Yes Sir.

(b) This loan of \$ 225 million is a blend of IBRD loan (\$ 150 million) and IDA Credit (\$ 75 million). For IBRD loan, the repayment period is 20 years including a grace period of 5 years, interest rate is determined based on 6 months LIBOR plus a variable spread, and commitment charges of 0.75%. For IDA credit the repayment period is 35 years including a grace period of 10 years, a service charge of 0.75% and commitment charge of 0.35%.

(c) The purpose of this loan is to support the continued implementation of structural, fiscal and administrative reforms needed to boost inclusive economic growth and achieve rapid poverty reduction. At least 60% of this loan would be used for repaying old expensive debt and remaining for financing reform costs and as a substitute for more expensive sources of financing development expenditures.

(d) & (e) Yes Sir.