

(b) if so, what steps Government is planning to reduce the consumer price index, which affects the ordinary citizen?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) Year-on-year (Y-o-Y) inflation rates, based on the wholesale price index (WPI) and consumer price index for industrial workers (CPI-IW), Agricultural Labourers (CPI-AL) and Rural Labourers (CPI-RL) are indicated in the table 1 below:

Table 1: Y-o-Y Inflation rates based on WPI and CPI (%)

	WPI	CPI-IW	CPI-AL and CPI-RL
APR	1.31	8.70	9.09
MAY	0.43 (Provisional)	8.63	10.21

(b) The Government monitors the price situation regularly, with price stability being high on its agenda. Measures taken to contain prices of essential commodities include selective ban on exports and futures trading in food grains, zero import duty on select food items, permitting imports of pulses and sugar by public sector undertakings, distribution of imported pulses and edible oils through the PDS and release of higher quota of non-levy sugar.

Loans from the World Bank

1069. PROF. ALKA BALRAM KSHATRIYA:
SHRI N.K. SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether Government is negotiating more loans from the World Bank to fund infrastructure development and to upgrade urban transport;

(b) if so, the details thereof;

(c) whether it is a fact that many of the past projects are running far behind schedule to the extent Government has been paying commitment charges of several hundred crores every year; and

(d) if so, the details thereof and steps taken to check such charges?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) and (b) Negotiations with the World Bank for Orissa State Road Project for an amount of US \$ 250 million, India Infrastructure Finance Company Limited (IIFCL) for an amount of US\$ 600 million and Haryana Power System Improvement Project for an amount of US\$ 330 million were held during July 2008, September 2008 and June 2009 respectively.

(c) and (d) Commitment charge is payable on the amount of loan yet to be drawn and is an integral part of the general terms and conditions of loan from the World Bank. The commitment charge has to be paid as the entire loan amount is not disbursed in one instalment. Depending on the nature of project and its implementation schedule, the disbursement takes place over the project implementation period. Drawing the entire loan amount in one instalment

will entail avoidable interest liability because the full amount cannot be spent in one go and would remain idle in Government account. Commitment charges, wherever levied, are usually a fraction of applicable interest rate. Commitment charges of Rs. 60.24 crore and Rs. 50.58 crore have been paid to the World Bank for the years 2007-08 and 2008-09 respectively.

Government of India has a monitoring mechanism for externally aided project. The projects are checked against readiness indicators before they are launched. During implementation, the projects are monitored through joint review meetings periodically. State level portfolio reviews and site visits are also undertaken from time to time.

Defrauding of banks

1070. SHRI ISHWAR SINGH:

SHRI MAHENDRA MOHAN:

Will the Minister of FINANCE be pleased to state:

(a) whether a large number of unscrupulous borrowers from banks are still enjoying loan facilities even after defrauding banks;

(b) if so, the details thereof;

(c) whether RBI has recently asked lenders to take coordinated action against such unscrupulous borrowers; and

(d) if so, the details thereof and the steps taken by banks on the instructions of RBI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) and (b) Reserve Bank of India (RBI) has reported that certain instances came to their notice where unscrupulous borrowers enjoying credit facilities under “multiple banking arrangement” have, after defrauding one of the financing banks, continued to enjoy the facilities with other financing banks and in some cases availed even higher limits at those banks. On receipt of such fraud reports from banks, RBI advised the concerned banks to report the case to CBI/Police/SFIO, examine staff accountability and complete proceedings against the erring staff expeditiously, take steps to recover the amount involved in the fraud, claim insurance wherever applicable and also streamline the system and procedures so as to prevent recurrence of such frauds.

In addition, banks are being sensitized by RBI from time to time about common fraud prone areas through issuance of modus operandi on various types of frauds and also issuance of Caution Advice so that banks can exercise due diligence while sanctioning fresh loan facilities to the borrowers mentioned in the Caution Advice.

(c) and (d) Yes, Sir. RBI *vide* its circulars dated September 19, 2008 and June 24, 2009 advised all the banks to take coordinated action, based on commonly agreed strategy, for legal/criminal actions, follow up for recovery, exchange of details on modus operandi, achieving consistency in data/information on frauds reported to Reserve Bank of India. The bank which detects a fraud is required to immediately share the details with all other banks in the multiple banking arrangements.