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INDIA - Consortium Meetings - 1965 No.12 II

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RETURN TO



File No. 12 II		From: June 1956 To Dec. 1965
S. No.	Subject	Date
1.	India Consortium: Quarterly Report on the Utilization of Aid (ending Mar. 31, 1965)	June 15, 1965
2.	Quarterly Report of the Utilization of Consortium Aid (as of June 30, 1965)	Aug. 9
3.	Quarterly Report of US Aid to India (Apr.-June 65)	Aug. 11
4.	India Consortium: Quarterly Report on the Utilization of Aid (ending June 30, 1965)	Aug. 17
5.	Netherlands Submission for Consortium Quarterly Report	Aug. 19
6.	Development Requirements and Indian Debt Service E.L. Ripps	Aug. 23
7.	Addendum to Aug. 11 report of US Aid to India (Apr-Jun)	Sept. 2
8.	Cable to Intbafrad from N. Delhi (PL 480 & German Aid)	Sept. 17
9.	Press Clippings (India's Economic Plans and Prospects of Consortium Aid)	Sept. 18
10.	Meetings of Romano Pantanali with: L.K. Jha with Ashok Mehta with C. Subramaniam L.K. Jha	Sept. 27 Sept. 27 Sept. 28 Sept. 30
11.	Data of Second Finance Bill	Sept. 30
12.	From G.M. Wilson to George Woods (German, UK and US views on Aid Prospects to Pak-India)	Oct. 1
13.	Evaluation of Fourth V Year Plan (1966-71) (Meeting: Woods, Bhoothbngam, IG Patel, KSS Rajan, Stevenson, S. Guhan, Wilson, Friedman de'Lattre,, Bell)	Oct. 11
14.	IDA/Bank Lending to India - Pak. (Knapp, Wilson, Stevenson and Merhant)	Oct. 19
15.	Quarterly Report of French Aid to India (Jul.-Sept.)	Oct. 22
16.	Quarterly Report of Belgian Aid to India (Jul.-Sept.)	Oct. 22
17.	Quarterly Report of Netherlands Aid to India (Jul.-Sept)	Oct. 26
18.	Quarterly Report of Austrian Aid to India (July-Sept)	Oct. 26
19.	Memo from Pollan to Votaw (Jap. view on Aid to India) (also letter to Stevenson dated July 28 - attached)	Oct. 26

20.	Quarterly Report - German Aid to India (July-Sept)	Oct. 28
21.	Letter from Bell to Andre de Lattre (re: Postponement of Bank Mission to India)	Oct. 29
22.	Quarterly Report - Jap. Aid to India (July-Sept.)	Nov. 1
23.	Quarterly Report - US Aid to India (July-Sept)	Nov. 8
24.	Aid Policies of Germany & Canada	Nov. 10
25.	Status of Various Aid Programmes (France, Belgium, Netherlands, Italy, Japan, Germany)	Nov. 11
26.	Letter from Pantanali to Stevenson (Views of Dr. Feilner, German Eco. Councillor)	Nov. 11
27.	Lok Sabha Proceedings (As on IDA-IBRD Aid)	Nov. 11
28.	Quarterly Report on Utilization of Consortium Aid	Nov. 15
29.	Letter to Pantanali from Stevenson (Concerns of Dutch)	Nov. 18
30.	Quarterly Report - UK Aid to India	Nov. 19
31.	German Assistance to India	Nov. 22
32.	Economic Report of German Mission (KFM)	Nov. 23
33.	Letter from Bhoothlingam to Bell (delay of Bank Mission)	Nov. 27
34.	Quarterly Report on Utilization of Aid (ending Sept. 30)	Nov. 29
35.	Memo from King to Stevenson (Views of the British)	Nov. 29
36.	Status of Aid (Consortium Aid)	Nov. 30
37.	Press Clipping (Bilateral Aid)	Dec. 4
38.	Utilization of Aid (Quarter Ending Sept. 30)	Dec. 2
39.	Use of Bank/IDA Pledges	Dec. 2
40.	Memo from Stevenson to Wilson (Bell Mission & Consortium, and Indian Situation)	Dec. 2
41.	UK Position	Dec. 6
42.	Press Clippings (Bilateral Dealings & Prospects of Foreign Aid)	Dec. 24
43.	Summary of 3rd Plan Aid to India	Dec. 31

THIS FILE IS CLOSED AS OF
DECEMBER 1965.
FOR FURTHER CORRESPONDENCE SEE:
1966 - 1968.

THIS FILE IS CLOSED AS OF DECEMBER 31, 1965 - Please refer to

INDIA - Consortium Meetings No.12 - III

Summary of 3rd. Plan Aid
PLEDGES & Agree. Dec. 65

Return to Votaw
Cmmt

SUMMARY OF THIRD PLAN AID TO INDIA
PLEDGES, AGREEMENTS SIGNED, ORDERS PLACED AND AMOUNTS DISBURSED
BY CONSORTIUM MEMBERS, AS OF DECEMBER 31, 1965.

(U.S.\$ Million)

MEMBERS	Pledges	Amount for which agree- ments have been signed.	Value of orders placed	Amount disbursed
<u>TOTAL, ALL PLEDGES</u> <u>1961-62/1965-66.</u>	<u>5472.0</u>	<u>4466.7</u>	<u>3653.0</u>	<u>2718.1</u>
1. Austria	18.0	13.9	13.1	9.3
2. Belgium	24.0	24.0	14.8	7.6
3. Canada	173.5	112.3	89.4	75.3
4. France	120.0	120.0	75.3	37.8
5. Germany	644.5	644.3	530.5	398.9
6. Italy	170.0	170.8	59.9	24.2
7. Japan	290.0	290.0	239.0	149.7
8. Netherlands	44.0	44.0	33.0	16.8
9. United Kingdom	518.0	487.2	456.0	322.3
10. United States	2285.0	1670.7	1497.8	1169.9
DIF/AID	NA	1478.7	1336.0	1062.3
EXIM	NA	192.0	161.8	107.6
11. IBRD & IDA	1185.0	889.5	644.2	506.3
IBRD	515.0	304.5	161.0	121.1
IDA	670.0	585.0	483.2	385.2
<u>SUBTOTAL, 1961/63</u> <u>PLEDGES.</u>	<u>2365.0</u>	<u>2337.8</u>	<u>2185.4</u>	<u>1870.3</u>
1. Austria	5.0	5.0	5.0	4.7
2. Belgium	10.0	10.0	10.0	7.3
3. Canada	61.0	58.8	58.1	52.5
4. France	60.0	60.0	43.6	35.0
5. Germany	364.0	363.9	361.8	317.3
6. Italy	53.0	53.8	38.9	24.2
7. Japan	105.0	105.0	105.0	102.8
8. Netherlands	11.0	11.0	11.0	7.2
9. United Kingdom	266.0	266.0	259.0	194.5
10. United States	980.0	954.3	911.0	831.5
DIF/AID	857.4	857.7	816.1	746.0
EXIM	122.6	96.6	94.9	85.5
11. IBRD AND IDA	450.0	420.5	381.8	293.3
IBRD	200.0	170.5	146.9	117.9
IDA	250.0	250.0	234.9	175.4

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MEMBERS	Pledges	Amount for which agreements have been signed.	Value of orders placed	Amount disbursed
<u>SUBTOTAL, 1963/64</u>		<u>986.1</u>	<u>809.8</u>	
<u>PLEDGES</u>	<u>1052.0</u>	<u>1046.5</u>	<u>810.9</u>	<u>518.0</u>
1. Austria	7.0	7.0	6.2	2.7
2. Belgium	10.0	10.0	4.8	0.3
3. Canada	30.5	23.5	15.8	11.4
4. France	20.0	20.0	20.0	2.8
5. Germany	99.5	99.5	84.4	38.7
6. Italy	45.0	45.0	21.0	-
7. Netherlands	11.0	11.0	11.0	7.2
8. Japan	65.0	65.0	61.7	36.4
9. United Kingdom	84.0	84.0	82.3	58.0
10. United States	<u>435.0</u>	<u>377.5</u>	<u>350.1</u>	<u>225.6</u>
DIF/AID	NA	320.2	308.9	216.2
EXIM	NA	57.3	41.2	9.4
11. IBRD & IDA	<u>245.0</u>	<u>274.0</u>	<u>153.6</u>	<u>134.9</u>
IBRD	<u>105.0</u>	<u>124.0</u>	<u>14.1</u>	<u>3.2</u>
IDA	<u>140.0</u>	<u>140.0</u>	<u>139.5</u>	<u>131.7</u>
<u>SUBTOTAL, 1964/65</u>		<u>804.0</u>		
<u>PLEDGES</u>	<u>1028.0</u>	<u>754.5</u>	<u>544.9</u>	<u>270.4</u>
1. Austria	1.0	0.9	0.9	0.9
2. Belgium	-	-	-	-
3. Canada	41.0	17.0	10.0	8.7
4. France	20.0	20.0	11.7	-
5. Germany	95.0	95.0	60.9	24.2
6. Italy	36.0	36.0	-	-
7. Japan	60.0	60.0	49.2	9.9
8. Netherlands	11.0	11.0	11.0	2.4
9. United Kingdom	84.0	84.0	71.7	41.2
10. United States	<u>435.0</u>	<u>335.6</u>	<u>236.7</u>	<u>112.8</u>
DIF/AID	NA	300.8	211.0	100.1
EXIM	NA	34.8	25.7	12.7
11. IBRD & IDA	<u>245.0</u>	<u>95.0</u>	<u>92.8</u>	<u>70.3</u>
IBRD	<u>105.0</u>	<u>95.0</u>	<u>-</u>	<u>-</u>
IDA	<u>140.0</u>	<u>140.0</u>	<u>92.8</u>	<u>70.3</u>
				3/.

-(3) :-

211.5
205.5
5.9
211.4

MEMBERS	Pledges	Amount for which agre- ements have been signed.	Value of orders placed	Amount disbursed
<u>SUBTOTAL 1965/66</u>		342.4		
<u>PLEDGES</u>	1027.0	387.4	112.0	59.4
1. Austria	5.0	1.0	1.0	1.0
2. Belgium	4.0	4.0	-	-
3. Canada	41.0	13.0	5.5	2.7
4. France	20.0	20.0	-	-
5. Germany	86.0	85.9 82.9	23.4	18.7
6. Italy	36.0	36.0	-	-
7. Japan	60.0	60.0	23.1	0.6
8. Netherlands	11.0	11.0	-	-
9. United Kingdom	84.0	53.2	43.0	28.6
10. United States	435.0	3.3	-	-
DIF/AID	NA	-	-	-
EXIM	NA	3.3	-	-
11. IBRD & IDA	245.0	100.0 55.0	16.0	7.8
IBRD	105.0	-	-	-
IDA	140.0	100.0 55.0	16.0	7.8

a/ The pledge is for \$ 0.85 million.
\$ 1 million is shown as rounded figure,
since it is also being shown by IBRD in
Consofritum press releases.

Summary concluded

(For details please see enclosed statement.)

DETAILS OF CONSORTIUM ASSISTANCE VALUE
OF ORDERS PLACED AND AMOUNTS DISBURSED UNDER
VARIOUS AID AGREEMENTS AS OF DECEMBER 31, 1965.

(U.S.\$ Million)

Agreement	Amount of Agreement	Orders placed	Disbursement
<u>GRAND TOTAL:</u>	<u>4,466.7</u>	<u>3,653.0</u>	<u>2,718.1</u>
<u>SUB-TOTAL 1961/63 PLEDGES</u>	<u>2,337.8</u> <u>2,308.3</u>	<u>2,185.4</u> <u>2,185.2</u>	<u>1,870.3</u>
<u>AUSTRIA</u> - sub-total	<u>5.0</u>	<u>5.0</u>	<u>4.7</u>
Credit for Capital goods	5.0	5.0	4.7
<u>BELGIUM</u> - sub-total	<u>10.0</u>	<u>10.0</u>	<u>7.3</u>
Suppliers' Credits	10.0	10.0	7.3 a/
<u>CANADA</u> - sub-total	<u>58.8</u>	<u>58.1</u>	<u>52.5</u>
<u>LOANS</u> - sub-total	<u>23.4</u>	<u>22.9</u>	<u>19.0</u>
Rana Pratap Sagar Hydro-electric Project	7.4	7.1	6.5
Indian Aluminium Co. Expansion (I Loan)	0.9	0.9	0.9
Diesel Locos for Indian Railways.	7.1	7.1	7.1
Binani Zinc Smelter	1.5	1.5	1.0
Indian Aluminium Co. Expansion (II Loan)	0.8	0.6	0.5
Wind Tunnel Project	3.9	3.9	2.4
Amco furnace for Durgapur Alloy Steel Project.	1.8	1.8	0.6
<u>GRANTS</u> - sub-total	<u>35.4</u>	<u>35.2</u>	<u>33.5</u>
<u>FRANCE</u> - sub-total	<u>60.0</u>	<u>43.6</u>	<u>35.0</u>
First Credit for Third Plan 30.0)		43.6	35.0 b/ c/
Second Credit for Third Plan 20.0)			
I.F.C. Credit	10.0	-	-
<u>GERMANY</u> - sub-total	<u>363.9</u>	<u>361.8</u>	<u>317.3</u>
Credits DM 230, DM 100 and DM 170 Million in 1961 plus DM 85 and DM 100 Million in 1962	171.3	171.3	171.3
DM 56 Mil. Credit for Rourkela Services	14.0	14.0	8.9
DM 107 Mil. Credit for Projects	26.8	26.8	26.8
DM 75 Mil. Credit for Commodities.	18.8	18.8	18.8

(U.S. \$ Million)

Agreement		Amount of Agreement	Orders placed	Disbursement
	DM 20 Mil. for I.C.I.C.I.	5.0	4.9	4.9
	DM 25 Mil. for I.F.C.	6.2	4.6	2.9
	DM 5 Mil. for N.S.I.C.	1.3	0.9	0.5
	DM 82 Mil. credit for infrastructure Projects	20.5	20.5	20.5
	DM400 Mil. Credit for Rourkela Expansion	100.0	100.0	62.7
<u>ITALY</u> -	sub-total	<u>53.8</u>	<u>38.9</u>	<u>24.2</u>
	ENI Credit for Petroleum Projects	45.0	30.9	16.7
	Montecatini Credit for Madras Aluminium	8.8	8.0	7.5
<u>JAPAN</u> -	sub-total	<u>105.0</u>	<u>105.0</u>	<u>102.8</u>
	34.2 billion yen Credit for Capital goods	95.0	95.0	92.8
	Suppliers' Credit for Textile Machinery	10.0	10.0	10.0
<u>NETHERLANDS</u> -	sub-total	<u>11.0</u>	<u>11.0</u>	<u>7.2</u>
	General Purpose Credit	7.2	7.2	7.2
	Financial (Export) Credit	3.8	3.8	-
<u>UNITED KINGDOM</u> -	sub-total	<u>266.0</u>	<u>259.0</u>	<u>194.5</u>
	UK-India (FYP) Credit 1961	84.0	84.0	75.6
	UK-India (General Credits 1961 (1st & 2nd))	42.0	42.0	42.0
	1st UK-India (General) Credit, 1962	28.0	28.0	19.6
	UK-India (Durgapur Expansion) Credit 1962	61.6	61.6	31.8
	UK-India (FYP) Credit, 1962	36.4	29.4	11.5
	2nd UK-India (General) Credit 1962	14.0	14.0	14.0
<u>UNITED STATES</u> -	sub-total	<u>954.3</u>	<u>911.0</u>	<u>831.5</u>
	<u>Exim Bank</u> - sub total	<u>96.6</u>	<u>94.9</u>	<u>85.5</u>
	Air India I	4.1	4.1	4.1
	Orient Paper Mills	18.5	18.5	18.5
	Air India II	8.1	8.1	8.1
	East India Hotels	0.7	0.5	0.5

contd.....3.

(U.S.\$ Million)

Agreement	Amount of Agreement	Orders placed	Disbursement
Exim Credit III. for Capital goods	25.0	25.0	25.0
Union Carbide	7.6	6.8	6.0
Diesel Locomotive Works I	19.0	19.0	16.2
Hindustan Aluminium II	5.0	5.0	4.4
Bharat Forge	3.9	3.2	2.7
Indian Rayon Corporation	4.7	4.7	-
<u>DIF/AID - sub-total</u>	<u>857.7</u>	<u>816.1</u>	<u>746.0</u>
ICICI	5.0	4.4	2.6
NSIC	10.0	9.8	8.8
Talcher Power	33.0	31.7	20.5
Sharavathi Power II	18.4	15.6	12.0
Birsinghpur Power	8.4	8.4	5.1
Premier Automobiles I	7.2	7.2	7.1
Non-ferrous Metals	20.0	20.0	20.0
Bandel Power	38.0	37.4	32.9
Cambay Power	33.6	33.0	31.7
Non-Project Loan I	200.0	200.0	199.7
Patherdih Coal Washery	4.2	4.2	3.6
Fourth Railway Loan	43.0	43.0	42.7
Pamba-Kakki Power	20.2	16.4	16.2
I.F.C. II	20.0	8.5	4.2
Premier Automobiles II	3.0	3.0	2.9
Trombay Power	17.9	17.0	16.1
D.C.M. Rayon Tire Cord	9.8	7.7	7.7
Nepco Bavel Gear	2.3	2.3	2.3
TELCO I	13.7	13.6	13.5
Hindustan Motors	15.8	15.6	12.2
Non-Project Loan II	240.0	240.0	239.9
Delhi Therlam Power	16.0	12.4	5.3

contd.....4.

(U.S. \$ Million)

	Agreement	Amount of Agreement	Orders placed	Disbursement
	Satpura Thermal Power	25.1	18.1	10.2
	Ramagundam Power	8.4	5.4	1.4
	Chandrapura Thermal Power II	16.0	12.9	4.5
	Railways V	15.9	15.9	13.0
	Central Ropeways	7.7	7.5	5.5
	Dugda Coal Washery	5.1	5.1	4.4
		<u>200.0</u>	<u>147.1</u>	
WORLD BANK	sub-total	<u>170.5</u>	<u>146.9</u>	<u>117.9</u>
	Private Sector Coal	<u>29.1</u> <u>30.0</u>	<u>29.1</u> <u>30.0</u>	26.6
	Calcutta Port II	21.0	20.0	9.3
	IISCO III	19.5	7.6	3.6
	Railway VI	50.0	50.0	50.0
	ICICI IV	20.0	18.5	15.8
	ICICI V	30.0	21.0	12.6
	ICICI VI	<u>30.4</u>	<u>1.1</u>	
IDA	sub-total	<u>250.0</u>	<u>234.9</u>	<u>175.4</u>
	Roads	60.0	60.0 c/	50.8
	U.P. Tubewells	6.0	6.0 c/	6.0
	Shetrunji Irrigation	4.5	4.5 c/	3.2
	Salandi Irrigation	8.0	5.9 c/	1.6
	Punjab Drainage	10.0	10.0 c/	9.2
	D.V.C. IV	18.5	18.5	11.1
	Sone Irrigation	15.0	14.0 c/	10.0
	Purna Irrigation	13.0	12.5 c/	9.2
	Koyna II	17.5	12.5 c/	9.9
	Bombay Port	18.0	11.7	3.0
	Telecommunications I	42.0	42.0	32.3
	Railways VII	17.5	17.5	17.5
	Kothagudam Power	20.0	19.8 <u>u</u>	11.6

contd.....5.

(U.S. \$ Million)

Agreement		Amount of Agreement	Orders placed	Disbursement
<u>SUB-TOTAL 1963/64 PLEDGES</u>		<u>986.1</u> <u>1016.5</u>	<u>809.8</u> <u>840.9</u>	<u>518.0</u>
<u>AUSTRIA</u>	sub-total	7.0	6.2	2.7
	Credit for Capital goods	7.0	6.2	2.7
<u>BELGIUM</u>	sub-total	10.0	4.8	0.3
	Suppliers' Credit	10.0	4.8	0.3
<u>CANADA</u>	sub-total	23.5	15.8	11.4
<u>LOANS</u>	Kotah Hydro Electric Project	7.4	4.2	0.4
<u>GRANTS</u>		16.1	11.6	11.0
<u>FRANCE</u>	sub-total	20.0	20.0	2.8
	Third Credit for Third Plan	20.0	20.0	2.8
<u>GERMANY</u>	sub-total	99.5	84.4	38.7
	DM 61.4 Mil. credit for Rourkela Refinancing	15.4	15.4 d/	15.4
	DM 40 Mil. for commodities	10.0	10.0	6.2
	DM 40 Mil. for selected continuing Projects I	10.0	8.6	3.4
	DM 60 Mil. for Alloy Steel Plant	15.0	10.4	1.9
	DM 14 Mil. for Rourkela Expansion	3.5 g/	3.5	-
	DM 23.5 Mil. for commodities	5.9 g/	-	-
	DM 28.1 Mil. for down-payment for ships	7.0	7.0	7.0
	DM 10 Mil. for I.C.I.C.I.	2.5	0.5	0.5
	DM 5 Mil. for N.S.I.C.	1.2	-	-
	DM 116 Mil. Suppliers' Credit for Purchase of ships	29.0	29.0	4.3
<u>ITALY</u>	sub-total	45.0	21.0	-
	Suppliers' Credit	45.0	21.0 h/	-
<u>JAPAN</u>	sub-total	65.0	61.7	36.4
	Third Yen Credit (23.4 billion)	65.0	61.7	36.4

contd.....6.

(U.S.\$ Million)

Agreement	Amount of Agreement	Orders placed	Disbursement
<u>NETHERLANDS</u> - sub-total	<u>11.0</u>	<u>11.0</u>	<u>7.2</u>
General Purpose Credit	7.2	7.2	7.2
Financial (Export) Credit	3.8	3.8	-
<u>UNITED KINGDOM</u> - sub-total	<u>84.0</u>	<u>82.3</u>	<u>58.0</u>
Steel, 1963	9.8	9.8	8.7
General, 1963	28.0	28.0	28.0
Kipping Loan, 1963	11.2	11.2	2.3
General, 1964	14.0	14.0	14.0
Bhopal, 1964	7.0	7.0	2.3
First UK-India (Five Year Plan)	14.0	12.3	2.7
<u>UNITED STATES</u> - sub-total	<u>377.5</u>	<u>350.1</u>	<u>225.6</u>
<u>Exim Bank</u> - sub-total	<u>57.3</u>	<u>41.2</u>	<u>9.4</u>
Coromandel Fertilizers	27.0	20.2	3.4
Exim Credit IV	25.0	18.9	5.6
Mysore Acetate and Chemicals	2.1	2.1	0.4
Chemicals & Plastics	3.2	-	-
<u>AID</u> - sub total	<u>320.2</u>	<u>308.9</u>	<u>216.2</u>
Tarapore Atomic Power	80.0	75.8	23.1
Non-Project Loan III	225.0	225.0	187.5
Trombay Fertilizer II	7.8	6.9	5.6
National Engineering Industries	4.3	-	-
Sharavathi Hydro-Electric Project III	3.1	1.2	-
<u>IBRD</u> - sub-total	<u>103.6</u> <u>134.0</u> e/	<u>13.0</u> <u>14.4</u>	<u>3.2</u>
Power Transmission Schemes	70.0	-	-
Kothagudam Power	14.0	13.0	3.2
I.C.I.C.I. VI	<u>19.6</u> <u>50.0</u>	13.0	Neg.
<u>IDA</u> - sub-total	<u>140.0</u>	<u>139.5</u>	<u>131.7</u>
Railways VII	50.0	50.0	50.0
Industrial Imports I	90.0	89.5	81.7

(U.S. \$ Million)

Agreement		Amount of Agreement	Orders placed	Disbursement
<u>SUB-TOTAL 1964/65 PLEDGES</u>		<u>754.5</u>	<u>544.9</u>	<u>270.4</u>
<u>AUSTRIA</u>	sub-total	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>
	For Capital goods and Commodities	0.9	0.9	0.9
<u>CANADA</u>	sub-total	<u>17.0</u>	<u>10.0</u>	<u>8.7</u>
	<u>Loans</u>			
	Candu Atomic Power Project	0.6 b/	0.6	0.6
	<u>Grants</u>	<u>16.4</u>	<u>9.4</u>	<u>8.1</u>
<u>FRANCE</u>	sub-total	<u>20.0</u>	<u>11.7</u>	-
	Fourth Credit for Third Plan	20.0	11.7	-
<u>GERMANY</u>	sub-total	<u>95.0</u>	<u>60.9</u>	<u>24.2</u>
	DM 90 Mil. for Rourkela repayments	22.5	22.5 d/	22.5
	DM 55 Mil. for commodi- ties	13.8	2.0	-
	DM 40 Mil. for financing continuing projects II	10.0 g/	10.0	-
	DM 10 Mil. for Neyveli Mining Scheme	2.5	2.5	1.3
	DM 6.4 Mil. for Sawang Coal Washery	1.6	1.6	0.2
	DM 13 Mil. for MISL Electric Arc Furnace	3.3	0.2	0.2
	DM 30.6 Mil. for other projects	7.6 j/	0.8	-
	DM 15 Mil. for I.F.C.	3.8	0.4	-
	DM 5 Mil. for I.C.I.C.I.	1.2	-	-
	DM 5 Mil. for N.S.I.C.	1.2	-	-
	DM 82 Mil. Suppliers' credit for ships	20.5	20.5	-
	DM 28 Mil. Suppliers' Credit for items other than ships.	7.0	0.4	-
<u>ITALY</u>	sub-total	<u>36.0</u>	-	-
	Suppliers Credit	36.0	-	-
<u>JAPAN</u>	sub-total	<u>60.0</u>	<u>49.2</u>	<u>9.9</u>
	Fourth Yen Credit (21.6 billion)	60.0	49.2	9.9

contd....8.

(U.S. \$ Million)

Agreement	Amount of Agreement	Orders placed	Disbursement
<u>NETHERLANDS</u> - sub-total	<u>11.0</u>	<u>11.0</u>	<u>2.4</u>
General purpose Credit	7.2	7.2	2.4
Financial (Export) Credit	3.8	3.8	-
<u>UNITED KINGDOM</u> - sub-total	<u>84.0</u>	<u>71.7</u>	<u>41.2</u>
Second UK-India (General) Credit, 1964	28.0	28.0	28.0
Second UK-India (General) (Five Year Plan) Credit 1964	4.2	2.1	-
Third UK-India (Five Year Plan) Credit, 1964	4.3	1.1	-
Fourth UK-India (Five Year Plan) Credit, 1964	2.8	0.7	-
Fifth UK-India (Five Year Plan) Credit, 1964	3.5	3.0	-
Sixth UK-India (Five Year Plan) Credit, 1964	9.0	9.0	-
Second UK-India (Bhopal) Credit, 1964	5.6	4.8	-
Third UK-India (General) Credit, 1964	11.2	7.6	-
First UK-India (General) Credit, 1965	14.0	14.0	12.8
UK-India (Five Year Plan) Credit, 1965	1.4	1.4	0.4
<u>UNITED STATES</u> - sub-total	<u>335.6</u>	<u>236.7</u>	<u>112.8</u>
<u>Exim Bank</u> - sub-total	<u>34.8</u>	<u>25.7</u>	<u>12.7</u>
Diesel Locomotive Works II	17.0	17.0	10.2
Hindustan Aluminium III	11.0	8.7	2.5
General Pulp Mills	6.8	-	-
<u>DIF/AID</u> - sub-total	<u>300.8</u>	<u>211.0</u>	<u>100.1</u>
Commodity Assistance Programme 1964/65 (I Tranche)	50.0	50.0	41.6
Railways VI	7.2	7.2	5.7
Telco II	11.8	6.8	2.0
Consultancy Services	2.0	-	0.2

contd.....9.

(U.S. \$ Million)

Agreement		Amount. of Agreement	Orders placed	Disbursement
<u>ITALY</u>	- sub-total	<u>36.0</u>	-	-
	Suppliers' Credit	<u>36.0</u>	-	-
<u>JAPAN</u>	- sub-total	<u>60.0</u>	<u>23.1</u>	<u>0.6</u>
	Fifth Yen Credit (21.6 billion)	60.0	23.1	0.6
<u>NETHERLANDS</u>	- sub-total	<u>11.0</u>	-	-
	General Purpose Credit	7.2	-	-
	Financial (Export) Credit	3.8	-	-
<u>UNITED KINGDOM</u>	- sub-total	<u>53.2</u>	<u>43.0</u>	<u>28.6</u>
	Second UK-India (General) Credit, 1965	14.0	14.0	14.0
	UK-India (General) Credit 1965	28.0	28.0	14.6
	Kipping Loan III	11.2	1.0	-
<u>UNITED STATES</u>	- sub-total	<u>3.3</u>	-	-
	Exim Bank - sub-total	<u>3.3</u>	-	-
	Herdilla Chemicals Ltd.	3.3	-	-
<u>IBRD</u>	- sub-total	-	-	-
<u>IDA</u>	- sub-total	<u>100.0</u>	<u>16.0</u>	<u>7.8</u>
	Industrial Imports II	100.0	16.0	7.8

a/ Estimated.

b/ Combined for all the four French Credits for Third Plan.

c/ Including that portion of the value of contracts awarded locally which is reimbursable from IDA on a percentage basis.

d/ Notional

e/ This exceeds the pledges for 1963-64 and absorbs the balance out of pledges for 1961-63.

f/ The total amount of the project is \$34.2 million but an amount of \$0.6 mil. will be adjusted against Canadian pledges for 1964-65, and \$1.4 million against Canadian pledges for 1965-66 upto 31.12.1965. According to the terms of the agreement the amount disbursed during a year will be adjusted against consortium pledges for that year.

g/ Final Loan agreement with Kreditanstalt not yet signed.

h/ Against suppliers' Credits for 1963-64, 1964-65 and 1965-66

i/ Against this, agreements totalling DM 25.25 Mil. or \$6.4 mil. have been signed after 31.12.65.

Agreement		Amount of Agreement	Orders Placed	Disbursement
IFC III		10.0	-	-
Hindustan Motors (Trucks)		23.0	-	-
Hindustan Motors (Shovels)		3.0	-	-
Commodity Assistance Programme (II Tranche)		190.0	147.0	50.6
Railways VII		3.8	-	-
<u>I.D.A.</u> - sub-total		<u>95.0</u>	<u>92.8</u>	<u>70.3</u>
Telecommunications II		33.0	30.8	15.0
Railways VIII		62.0	62.0	55.3
<u>SUB-TOTAL 1965/66 PLEDGES</u>		<u>387.4</u>	<u>112.0</u>	<u>59.4</u>
<u>AUSTRIA</u> - sub-total		<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Suppliers' Credit		1.0	1.0	1.0
<u>BELGIUM</u> - sub-total		<u>4.0</u>	-	-
Suppliers' Credit		4.0	-	-
<u>CANADA</u> - Sub-total		<u>13.0</u>	<u>5.5</u>	<u>2.7</u>
<u>Loans</u>				
Candu Atomic Power Project		1.4 f/	1.4	1.4
<u>Grants</u>		<u>11.6</u>	<u>4.1</u>	<u>1.3</u>
<u>FRANCE</u> - sub-total		<u>20.0</u>	-	-
Fifth Credit for Third Plan		20.0	-	-
<u>GERMANY</u> - sub-total		<u>85.9</u>	<u>23.4</u>	<u>18.7</u>
DM 93.6 Mil. for Rourkela Repayments		23.4	23.4 d/	18.7
DM 60 Mil. for Commodities		15.0	-	-
DM 40 Mil. for New Projects		10.0	-	-
DM 20 Mil. for IFC		5.0	-	-
DM 20 Mil. for ICICI		5.0	-	-
DM 10 Mil. for NSIC		2.5	-	-
DM 100 Mil. Suppliers' Credit		25.0	-	-



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

WASHINGTON 25, D. C.

TELEPHONE: 47897 34987

RESIDENT REPRESENTATIVE IN INDIA
RESERVE BANK OF INDIA BUILDING
NEW DELHI

CABLE ADDRESS: INTBAFRAD-NEW DELHI

① Mr. Stevenson I'd
think you will be
interested in scanning
these clippings. I would
like to discuss the Haldia
Publicity if you soon.
GU
Please return.

Letter No. 330

December 29, 1965

Mr. Gregory B. Votaw
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Greg,

I can't remember whether we sent you the cutting of the Economic Times, dated December 21. If it's a duplicate, throw it away. If it is not, I think it is quite interesting.

There have been some other things in the press relating to consortium matters which I might have some comments on fairly soon. Meanwhile, I am sending to you one cutting from the Economic Times of December 24 and one from the Financial Express of December 25, which are rather interesting.

Yours sincerely,

Romano Pantanali

Encls: 3

1966 JAN -1 PM 10:38

COMMUNICATIONS
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JAN 10 1966



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

WASHINGTON 25, D.C.

RESIDENT REPRESENTATIVE IN INDIA
RESERVE BANK OF INDIA BUILDING
NEW DELHI

CABLE ADDRESS: INTBANK-NEW DELHI

TELEPHONE 3485

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Yours sincerely,

Romano Pantanali

Enclos: 3

1966 JAN -1 AM 10:36

RECEIVED
GENERAL FILES
COMMUNICATIONS

Handwritten notes:
Mr. Pantanali
I am sending you
these clippings. I would
like to hear from you
about them.
G.D.

Replacing Consortium Aid By Bilateral Dealings

PLANNERS AND MINISTRY DIFFER ON THE ISSUE

Financial Express Bureau

NEW DELHI, December 24.—A serious difference of opinion is understood to have cropped up between the Union Finance Ministry and the Planning Commission over the question of replacing the Consortium aid arrangements by bilateral dealings in securing assistance from Western countries.

The indecision on this question, in addition to the continued freezing of aid by the U.S., except \$50 million for fertiliser imports, is standing in the way of the resumption of negotiations with the World Bank on Fourth Plan aid.

Subject to a favourable decision on both the questions, the Bank is likely to send one team in February next to review the performance of the Third Plan, and another in April to assess the aid requirements of the Fourth Plan.

The teams were originally scheduled to visit this country in October and December respectively.

MAIN IMPEDIMENT

The uncertainty about aid from the Western countries, particularly from America, is the primary factor which impedes the finalisation of the Fourth Plan. However, it is expected that a broad indication of the quantum of aid to be available from these sources will be known following the projected meeting between the Prime Minister, Mr. Lal Bahadur Shastri, and the U.S. President, Mr. Johnson.

The Planning Commission, therefore, hopes to continue with the formulation of the Plan in February, when the discussions on the annual plan for 1966-67 will be over. The new time-table prepared by the Commission envisages that the outlines of the Plan will be ready in April and the final Plan by July.

Meanwhile, the foreign aid requirements of the Fourth Plan have now gone up to Rs. 4,000 crores, including Rs. 1,500 crores for debt-servicing charges. If the aid is frozen at the level of the Third Plan, when the total assistance was of the order of Rs. 2,600 crores, including Rs. 600 crores for debt-servicing charges, it will mean a net assistance of only Rs. 1,100 crores in addition to Rs. 1,400 crores, which are in the pipeline.

In such an eventuality, though the outlines of the Fourth Plan may not undergo any drastic changes, it is apprehended that this will

do a great damage to the Fifth Plan.

There is also some misgivings in the Commission as regards the inflow of foreign private capital. It was earlier envisaged that Rs. 400 crores (net) of foreign capital would be forthcoming in the Plan period. A competent observer said that winter was the time when foreign investors generally visited the country. But the current winter was decidedly lean in this respect as compared to previous ones. "This is surely not a good omen for the next Plan," he added.

It is now recognised that as a result of the serious jolt which the economy had received from the Indo-Pakistan conflict, certain readjustments would be necessary in the sectoral priorities of the Plan. A number of teams, consisting of scientists and experts, are going into this question and their findings would have a reflection in the final Plan.

NON-PROJECT AID

The Planning Commission feels that in spite of the maximum import substitution, non-project aid from abroad will be a vital factor in utilising the industrial capacity. It is expected that if adequate non-project aid is available, industrial production can be increased by Rs. 500 crores per year.

It is estimated that the Communist countries will account for Rs. 500 to Rs. 750 crores of aid for the Fourth Plan.

In view of the significance of western aid and the useful role played by the Consortium, the Commission is of the view that bilateral dealings should not supplant but supplement the Consortium arrangements. According to it, the pattern of aid is as important as the quantum of aid.

Prospects Of Foreign Aid Improve, Claims Plan Panel

4th Plan Can Be Implemented; IBRD Team's Visit In 2 Months

From Our New Delhi Bureau

Economic Times
Dec. 25, 1961

NEW DELHI, December 24.

The Planning Commission claimed today that the Fourth Plan will be salvaged from the current difficulties on all fronts. A spokesman of the Commission said that prospects of foreign assistance have greatly improved and the World Bank team to assess the aid requirements is expected to arrive within two months.

The World Bank team which was to visit New Delhi two months back had been indefinitely put off its visit due to uncertainties of aid flow arising out of the stand of the aid-India consortium.

Two teams are now expected to arrive, one in February to ascertain the progress of the Third Plan and another in April to assess the Fourth Plan requirements.

According to Planning Commission sources, even if the foreign assistance to the extent expected is not forthcoming, the Fourth Plan projects will not suffer on that account. Any of the repercussions will be felt only during the Fifth Plan period as most of the project assistance for the Fourth Plan is expected to be forthcoming. Already Rs. 1,400 crores of project assistance is said to be in the pipe-line as a spillover from the committed assistance from the Third Plan.

Uncertainty

The main uncertainty is only regarding the availability of non-project assistance. These sources said that if the maintenance imports can be kept up industrial production during the coming year is expected to go up to Rs. 500 crores. In that event it is said the budgetary resources may not be affected severely.

The total requirements of foreign aid for the Fourth Plan in addition to the carry-over of project assistance from the Third Plan is placed at Rs. 4,000 crores. This includes Rs. 1,500 crores for debt servicing charges. It is said that final picture regarding the total aid available for

the Fourth Plan will be available only after the proposed meeting between Prime Minister Shastri and the U.S. President Mr. Johnson.

The Government is yet undecided whether to take either a bilateral approach or consortium approach with regard to aid negotiations. A decision will only be taken after the present doubts about aid are fully cleared. It is said that re-scheduling of debt repayment charges will also be taken up with the respective countries.

Annual Plans

Some of the if and buts that beset the Fourth Plan preparations are expected to be sorted out during the course of the next few months. For the present the Planning Commission is engaged in finalising the annual plans of the Centre and the States.

It is clarified that there will be no cut in the size of the annual plan which is now expected to be of the order of Rs. 2,000 crores to Rs. 2,050 crores. The annual plan outlay of the Centre will be Rs. 1,150 crores. The total Central assistance to the States will be Rs. 300 crores. The States' contribution for the Plan is now placed at Rs. 280 crores.

In addition the States have agreed to raise Rs. 110 crores through additional taxation during the next year. The Planning Commission sources feel that response of the State Governments in the mobilisation of additional resources has been heartening. Almost all the Chief Ministers, it is said, were more in favour of taxation than curtailing development plans.

Efforts are also being made to co-ordinate defence and development plans on the one hand and the organised private sector on the other. The Deputy Chairman of the Planning Commission is expected to make a two-day visit to Bombay on January 3 and 4 to discuss with the Industrial Development Bank and the Investment and Credit Corporation of India authorities as to the priorities to be followed in their loan operations. It is said that the Planning Commission's control over the private sector can at best only be informal.

Decontrol

Regarding policies of decontrol Planning Commission is not taking any rigid attitude. It is said that it is in favour of decontrol of cement. There is no ideology involved in taking this decision. Its attitude is only that of increasing production. The argument advanced in this regard is that once the private sector is encouraged to produce more, it should be given an encouragement for rapid growth. They are, however, not clear as to controls on distribution as distinguished from production.

PTI adds: The planners feel that adequate non-project assistance should be available for maintenance imports in order to utilise the existing capacity, both productive and fabricating.

Imports of special and alloy steels and other raw materials covered by untied aid would help to push through some of the key projects and produce engineering and chemical goods without adversely affecting the Fifth Plan, according to them.

Red Bloc Aid

While negotiations have taken place already with the Soviet Union and Czechoslovakia on aid for the Plan,

the position in respect of aid from Western countries is not yet clear. No discussion is likely to take place until the suspension of aid by some of them notably the U.S. comes to an end.

Meanwhile the Finance Minister, who visited Czechoslovakia and the Soviet Union has planned a visit to Japan early next month. He is likely to visit France and Germany later. Even if the existing consortium arrangement is to be continued, bilateral efforts are considered necessary for a proper appraisal of India's needs and performance.

The Soviet and Czech aid for the Fourth Plan covers both project and non-project assistance and trade. The Soviet assistance will also cover defence hardware and provision of components and spares for industries set up with their collaboration, it is learnt.

The formulation of the Fourth Plan has to some extent been tied up with the prospects of foreign aid. If external assistance of the assumed level is not forthcoming, the Plan would undergo certain changes. The Commission is already engaged in several exercises on import substitution and indigenous know-how as part of efforts to reduce external assistance.

A clearer picture in regard to external assistance is likely to emerge early next year.

If the Fourth Plan external assistance turns out to be of the same order as in the Third Plan (Rs. 2,600 crores), the net aid for the Fourth Plan projects after repayment obligations might be approximately Rs. 1,200 crores. The Fourth Plan would then have to be adjusted to this scale of new assistance and Rs. 1,400 crores of project assistance for the Third Plan in the pipe-line.

Non-project aid from the U.S. formerly was of the order of \$260 million. The absence of maintenance imports it is feared would have a detrimental effect on the utilisation of existing capacity and giving a spurt to exports. The U.S. recently sanctioned \$50 million for fertiliser imports.

EXTERNAL AID OFFICE

OTTAWA 4



BUREAU DE L'AIDE EXTÉRIEURE

OTTAWA 4

16 December 1965

Mr. P. Reid,
International Bank for Reconstruction
and Development,
1818 H Street N.W.,
Washington 25, D.C.,
U.S.A.

Dear Mr. Reid,

We have been studying with interest the quarterly report on the utilization of aid for the India Consortium - World Bank IND 65-13 dated 29 November 1965. We would be grateful if you could seek clarification from the Bank of the following points.

- (1) On page 12, the 1965/66 grant pledges are shown as \$8 million. In fact, this figure should be \$Cdn. 12 million or approximately \$US. 11 million. The correct figure of \$US. 11 million is reflected in the total pledges (grants, loans and ECIC) listed on page 5 as \$US. 41 million.
- (2) We presume that the columns in table A-2 headed "orders placed" and "disbursements" are based on information provided by recipient countries.

Yours very truly,

P. J. L...
pp. Director General.

2d Count

OFFICE MEMORANDUM

TO: Files

FROM: R.G. Russell

SUBJECT: INDIA - Consortium: U.K. Position

DATE: December 6, 1965

1. I spoke on December 3 with Mr. Radford of the U.K. Executive Director's office. I had previously asked him about the status of the British consortium pledge for 1965/66 of £30 million. He did not have detailed information available, but made the following observations.

2. A general purpose loan agreement of £5 million was signed on June 15, 1965. A further general purpose loan was made on October 20 for £10 million. Subsequently he believes that a £4 million "Kipping Loan" was made for what appeared to be maintenance imports. Barbara Castle, Minister of Overseas Development, was reported in Hansard (November 18 or 19) to have told Parliament that commitments for £25 million had been made to India. Radford suspects that the £6 million difference was due to commitments for Bhopal, but he is not certain. £5 million remains to be committed.

RGRussell/wh



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INTBAFRAD

Letter No.1

December 2, 1965

Mr. Geoffrey M. Wilson
c/o International Bank for Reconstruction
and Development
4 Avenue d'Iena
Paris 16e, France

Dear Geoffrey,

I am enclosing a copy of a note on India which you may find useful as background for your forthcoming conversation with Dr. Henckel in Bonn.

A duplicate of this letter and enclosure are being sent to you c/o the London Office.

Yours sincerely,

A handwritten signature in dark ink, appearing to be "A. Stevenson", is written above the printed name.

Alexander Stevenson

Enclosure

OFFICE MEMORANDUM

TO: Mr. Geoffrey Wilson

DATE: December 2, 1965

FROM: Alexander Stevenson 

SUBJECT: INDIA

1. After you had left for Europe, we heard from Miss Steeg that Dr. Henckel planned to have a thorough discussion with you regarding India when you see him in Bonn next week. The following may provide some background for that conversation.

Bell Mission and Consortium

2. Mr. Bell yesterday received and forwarded to you a letter from Mr. Bhoothalingam stating that he believed that discussion of the Bell mission reports was so closely related to appraisal of the Fourth Plan that the two things should occur simultaneously. As to timing, Bhoothalingam said that because of uncertainties with respect to aid the mission "cannot possibly begin its work until February or later" (and as Bhoothalingam put it) "I should say more likely, later". This suggests that no consortium meeting could take place, in the earlier envisaged manner, until sometime in the late spring or early summer of 1966. We have not yet indicated this possibility to any of the members.

Indian Situation

3. Our knowledge of current developments in India rests primarily on press reports and specific comments received from our Delhi office.

4. The Finance Ministry and the Planning Commission are currently holding discussions in respect of the development program for 1966/67 with various State governments; they are likely to take until some time in January. Asoka Mehta, the Planning Commission's Deputy Chairman, as well as other Government officers concerned, have indicated repeatedly that it would be difficult to formulate a Fourth Five-Year Plan in the absence of an indication as to likely available foreign aid. Altogether, it appears that the Indians are aiming at a "treading water" operation for 1966/67, and are formulating budget and investment Plans for that year on the assumption of a reduced aid flow, particularly non-project, reduced availability of free foreign exchange for non-defense imports, and reduced revenues.

5. Of major concern is the food situation, which in the current year has been aggravated by the exceptional drought in some parts of western India. As a result, food grain output in 1965/66 (July to June) may be as much as 7 million tons lower than in 1964/65. PL 480 agreements are being made by the United States Government only on a monthly basis, but fortunately they provide 500,000 tons per month and nobody expects that there will be a scaling down. The food production prospects for 1966/67 are also clouded by the reduced allocations of foreign exchange for import of fertilizer.

Conceivably this will put more vigor into action on a plant construction program. (As you know, we are expecting to receive shortly a new proposal for a fertilizer import program tied to concluded agreements for plant construction.)

6. The only noteworthy activity in the aid context has been TTK's efforts to secure more assistance from the U.S.S.R. and Czechoslovakia. TTK's recent visit to Moscow does not seem to have been too successful, although he appears to have secured a Russian undertaking to provide credits for the import of components used in production at plants, such as Heavy Engineering, which have been or are being constructed with U.S.S.R. assistance. Generally speaking, the U.S.S.R. seems to be regarded as one aid source which hasn't let the Indians down following the conflict with Pakistan. (The Bank and IDA, while going ahead with disbursements and the preparation of projects, do not appear to enjoy the same favorable opinion in the Indian press at the moment.)

Prospects

7. As Mr. Bell presumably told you, we still regard the policy recommendations made by his mission as extremely important. We still intend to press for their implementation as earlier planned. We also have indications that the U.S. Government continues to support the recommendations and the Bank approach, and does not propose that these be lost in the politico-military negotiating shuffle. We do not now have detailed or specific knowledge of the position the United States will take with Messrs. Ayub Khan and Shastri, and may not have one until after Mr. Shastri has visited the United States, probably early next year, and seen President Johnson.

* * * *

8. You have already a note regarding our information as to the status of activities of other consortium members in India. I am also enclosing a note indicating the current status of the lending program of the Bank and IDA.

HPollan/BRBell/AS/bj

USE OF BANK/IDA PLEDGES: INDIA

(As at December 2, 1965)

<u>Bank</u>	<u>\$ Million</u>
Carry-over from earlier pledges as at April 1, 1965	234.5
Loans signed from April 1, 1965 to date	134.0
1965/66 pledge (announced April 21, 1965)	<u>105.0</u>
Balance to be committed	205.5
Loans likely to be signed by March 31, 1966	-
Likely uncommitted pledge at March 31, 1966	205.5
Loans under consideration	
IISCO (likely signing March/April 1966)	14.5 (maybe higher)
TISCO (likely signing first half 1966)	60 (maybe lower)
Haldia Port (likely signing first half 1966)	20-32
Hindustan Allied Fertilizer (doubtful)	20
Koyna Power III (doubtful)	18.5
Goa Port	12-15 (timing uncertain)
Uttar Pradesh Tubewells II	Amount and timing uncertain
Sone Irrigation	Amount uncertain
Hooghly River Bridge	Amount uncertain
Bombay-Poona Road	Amount uncertain
Forestry and Fisheries	Amount uncertain

IDA

Carry-over from earlier pledges as at April 1, 1965		45.0
Credits signed from April 1965 to date		100.0
1965/66 pledge		<u>140.0</u>
Balance to be committed		85.0
Credits likely to be signed by March 31, 1966		
Bangalore Water	25	
Railways	<u>60</u>	85.0

South Asia Department
December 2, 1965

HOLD FOR NEXT REPORT
R
ANNEX
Mr. Rummel, D
for disposition
H

OFFICE MEMORANDUM

TO: Mr. Hans Pollan

DATE: December 2, 1965

FROM: K.S. Sundara Rajan

SUBJECT: India Consortium: Quarterly Report on utilization of aid
for the quarter ending September 30, 1965 (IND 65-13).

3. 24. 65
J. L. Connor

Corrections may kindly be made in the statements on the basis of the following information:-

On page 21 of Annex C, against item 5 regarding loan applications pending with AID/EXIM, it is indicated that loan applications are pending for:

- (a) F.A.C.T. (Fertilizer Plant) \$31.2 million,
- (b) Chandrapura Thermal Power II \$44.0 million.

According to information available with us, loan applications for these two projects have not been filed. These may be deleted from the statement.

On the other hand, the following two loan applications which are pending with EXIM have not been shown as such:-

- (i) Hindustan Earth Movers \$31.84 million.
- (ii) Sirpur Paper Mills \$2.9 million.

These may be included in the statement.


K.S. Sundara Rajan

Ind. Convent

PRESS CLIPPING SHEET

ROUTING LIST	ROOM	FROM	COUNTRY	FILE
1.		One of the following MUST BE CHECKED before returning the attached clipping to Research Files: RETAIN 6 MONTHS ☐ RETAIN 1 YEAR ☐ RETAIN (SPECIFY) _____ YEARS DISCARD ☐	<i>India</i>	
2.			SOURCE <i>Financial Express</i>	
3.				
4.				
5.				
6. RESEARCH FILES				DATE <i>Dec 4/65</i>

**AID FROM CLUB
MEMBERS**

*India Asked To
Deal Individually*

Financial Express Bureau

NEW DELHI, Dec. 3.—The World Bank is understood to have asked the Government of India to deal, on bilateral basis, with the members of the Aid India Consortium for defreezing the aid pledged by them for 1965-66 as well as for seeking aid for the next year.

In other words, the Consortium arrangements which brought together ten countries, and the International Bank for Reconstruction and Development and its associate, the International Development Association (IDA), has been suspended, albeit, for the time being.

The member countries of the Consortium are: the U.S., Britain, West Germany, Japan, France, Canada, Italy, Austria, Belgium and the Netherlands.

The World Bank which, as the convener of both Aid India Consortium and Aid Pakistan Consortium had given a similar advice to the Pakistani Government following the Indo-Pakistani hostilities.

In spite of the equivocation on the part of the World Bank, the Government of India feels confident that response from almost all these countries will be favourable when approached individually.

Meanwhile, the meeting of the Aid India Consortium which was to be held in early January to consider the foreign exchange requirements of India's Fourth Plan, has been postponed indefinitely. Similarly, the World Bank mission, which was to come here in November to study the Plan needs did not visit this country.

Letter No.1

December 2, 1965

Mr. Geoffrey M. Wilson
c/o International Bank for Reconstruction
and Development
4 Avenue d'Iena
Paris 16e, France

Dear Geoffrey,

I am enclosing a copy of a note on India which you may find useful as background for your forthcoming conversation with Dr. Henckel in Bonn.

A duplicate of this letter and enclosure are being sent to you c/o the London Office.

Yours sincerely,



Alexander Stevenson

Enclosure

64
HPollan/pd
IBRD7LH

OUTGOING WIRE

TO: INTBAFRAD
LONDON, S. A. 1

DATE: DECEMBER 2, 1965

CLASS OF
SERVICE: LT

2 7 7

COUNTRY: ENGLAND

TEXT: LONDON / PARIS
Cable No.: 181

PLEASE ADVISE GEOFFREY WILSON LETTER TO HIM WITH INDIA BRIEFING
FOR BONN DISCUSSION AIRMAILED TODAY c/o PARIS OFFICE WITH COPY
LONDON OFFICE

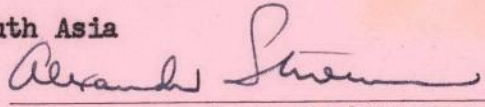
STEVENSON

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Alexander Stevenson

DEPT. South Asia

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

HPollan/pd

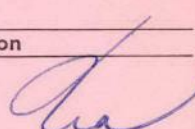
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cc: New Delhi Office

For Use by Archives Division

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INTERNATIONAL FINANCE
CORPORATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

OUTGOING WIRE

DATE: DECEMBER 2, 1965

CLASS OF
SERVICE: III

INTBRAD
LONDON, 2-21

TO:

ENGLAND

COUNTRY:

TEXT:

Cable No.:

181

PLEASE ADVISE GEORGE WILSON LETTER TO HIM WITH INDIA BRIEFING
FOR BOMB DISCUSSION ALARMED TODAY c/o PARIS OFFICE WITH COPY

LONDON OFFICE

STEVENSON

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DEC 2 6 02 PM 1965
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For Division

MESSAGE AUTHORIZED BY

NAME: Alexander Stevenson

DEPT: South Asia

SIGNATURE

Hollan

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IMPORTANT: See Secretariat Guide for reporting form

Checked for Dispatch

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: DECEMBER 2, 1965

CLASS OF
SERVICE: *LT Telex*

COUNTRY: FRANCE

TEXT: 668

Cable No.:

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LONDON OFFICE

STEVENSON

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME *DEC* Alexander Stevenson

DEPT. South Asia

SIGNATURE *Alexander Stevenson*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE.)

Pollan/pd

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TO: INTRAPAD PARIS	DATE: 12 6 1965	DATE: DECEMBER 2, 1965
COUNTRY: FRANCE	CLASS OF SERVICE: 12	CLASS OF SERVICE: 12
TEXT: 663	CABLE NO.:	CABLE NO.:
LONDON OFFICE FOR BONN DISCUSSION ARMALIED TODAY 0% PARIS OFFICE WITH COPY PLEASE ADVISE GEOFFREY WILSON LETTER TO HIM WITH INDIA BRIEFING		

STEVENSON

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY: NAME: Stevenson DEPT.: South Asia SIGNATURE: [Signature] DISPATCHED: 12 6 1965 ORIGINAL (File Copy)	CLEARANCES AND COPY DISTRIBUTION: cc: New Delhi Office cc: [Other] APPROVED: [Signature] For Use by Archives Division Checked for Dispatch: [Signature]
---	--

Mr. Alexander Stevenson

November 30, 1965

Hans Pollan

Indian Consortium: Status of Aid

The following is the present status of aid commitments and pledges of members forming the Indian Consortium, as closely as we can ascertain:

- Austria: 1965/66 pledge is \$5 million (and Austria is about to conclude a credit agreement with India in respect of the \$4 million portion of her pledge.)
- Belgium: 1965/66 pledge is \$4 million. According to news from Delhi, no new loan application under the 1965/66 pledge has been considered by the Committee which extends government guarantees for suppliers' credits. The Committee usually meets twice a month to consider Indian and Pakistani business, but did not meet over the last eight or ten weeks.
- Canada: 1965/66 pledge is \$41.16 million. Canada is going ahead with the processing of new commitments to India and Pakistan - but slowly.
- France: 1965/66 pledge is \$20 million. The program is continuing regularly, and except for an interruption at the time of the fighting, applications for individual credits to be extended under French pledges have been processed normally.
- Germany: 1965/66 pledge is \$85.90 million. According to Dr. Donner, Bonn was going ahead with new commitments to India within the total of the pledge for 1965/66. (This is for Bank information only.) The frame-agreement connected with the 1965/66 German pledge has not been signed as yet. According to the Indian press, the \$23.4 million portion related to the refinancing of Rourkela is about to be signed up.
- Italy: 1965/66 pledge is \$36 million. No meeting of the Committee for the export credit guarantee has been held over the last two months to consider Indian or Pakistani business. (Mr. Siglienti told Mr. Wilson in October that the Italian Government shared the preoccupation of the United States with the diversion of resources to military purposes but with the cease-fire the Italian Government was prepared to continue its aid and would suspend only if the armistice was broken. In the case of a meeting this would be the Italian line.)
- Japan: 1965/66 pledge is \$60 million. A de facto block had been imposed for a while on the flow of money related to the 1965/66 Consortium pledge. According to the Indian press of last week, the Japanese aid freeze had been lifted, however.

Netherlands: 1965/66 pledge is \$11.10 million. Two-thirds of the Dutch pledge is for a Government-to-Government loan, which has, however, not yet materialized in view of the Netherlands' reluctance. Similarly, no decision has been taken as to the guarantee of extended suppliers' credits. The Dutch Government seems to be concerned about the possibility that some of their finance - directly or indirectly - may be switched into defence-oriented industries.

United Kingdom: 1965/66 pledge is \$84.0 million. According to the Indian press, an agreement was signed on October 20 for an amount equivalent to \$28 million, all for non-project purposes.

United States: 1965/66 pledge is \$435 million. The U.S. Government has made no commitments against the 1965/66 pledges.

World Bank and IDA: 1965/66 pledge is \$245 million. Disbursements continued on Bank loans and IDA credits to India while hostilities were going on. We have announced publicly in a press release of September 21, 1965, that Bank and IDA are continuing to make disbursements on existing loans and credits and carrying on normally with preparatory work with pending applications. The balance of uncommitted Bank pledges amounts to \$205.5 million and the uncommitted IDA pledge amounts to \$85 million.

RGRussell/HP/bj

cc: Delhi Office

Qty. Report
Utilization of Aid

DEPARTMENTAL
ROUTING SLIP

Date

NOV 29 1965

SOUTH ASIA DEPARTMENT

Mr. Alisbah

Mr. Pollan

Mr. Baneth

Mr. Russell

Mr. Christoffersen

2

Mr. Stevenson

Mr. Feldman

Mr. Tolbert

Mr. Finsaas

Mr. Votaw

Mr. Hablutzel

Mr. Wang

Mr. Jentgen

Mr. Katz

Mr. Kaupisch

Mr. Kraske

Mr. Martin

Mr. Mason

Mr. McDiarmid

Mr. McIvor

Mr. Palein

DETACH THIS SLIP AFTER CIRCULATION AS SHOWN ABOVE.

9-d Consort.

OFFICE MEMORANDUM

TO: Mr. Alexander Stevenson

DATE: November 29, 1965

FROM: Benjamin B. King *BBK*SUBJECT: Indian Consortium

When I was in London recently I saw David Holland. He mentioned that the members of the Consortium (I am not sure whether he actually used the plural and if he did how justifiably) were feeling very much in the dark about the nature and the status of the Bank's discussions with the Indians. As contributors, they felt that they ought to have a little more information from the Bank as to what it was up to. Their attitude, as he put it, was becoming "testy".

I have put this very much more starkly than he did. I thought you ought to know about it.

BBK:mhh

cc: Mr. Bell
Mr. Votaw

P.S.

I should add that I did say to Mr. Holland that the trouble had no doubt arisen because of Kashmir and the ensuing reshuffling of the Fourth Plan. This had at least been the ostensible reason for putting off the second Bell Mission. Had the Mission gone on schedule, the Bank would have been in a much better position to give the Consortium some sort of information in reasonable time.

12/1

*I spoke to Dr. Redford about this today.
He said he was aware of my such
attitude.*

*AS
1 Dec. 1965*

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IND 65-13

November 29, 1965

FROM: The Secretary

INDIA CONSORTIUM: QUARTERLY REPORT ON THE UTILIZATION OF AID

A report on the utilization of Consortium financial assistance to India, covering the quarter ending September 30, 1965, is attached. This report, prepared by the South Asia Department, follows the format approved at the Consortium meeting in March 1964.

Members receiving this report are asked to notify this office immediately of any errors or omissions.

Members are also reminded that their reports for the quarter ending December 31, 1965 will be due no later than January 31, 1966. In preparing these reports the format outlined in IND 64-10 (distributed April 10, 1964) should be followed.

Distribution:

Executive Directors for:

Austria	Italy
Belgium	Japan
Canada	Netherlands
France	United Kingdom
Germany	United States

Chairman, India Consortium
Director, South Asia Department

Embassy of Japan
Managing Director, IMF

For information:

President
President's Council
Executive Director for India
Department Heads (Other)
Resident Representative, India

I N D I A C O N S O R T I U M

QUARTERLY REPORT

ON THE

UTILIZATION OF AID

(July 1 - September 30, 1965)

South Asia Department
November 29, 1965

LIST OF ANNEXES AND TABLES

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IDA	19
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ANNEX A

THE VALUE OF AGREEMENTS SIGNED AND DISBURSEMENTS AGAINST
CONSORTIUM PLEDGES FOR THE THIRD PLAN

Table A-1 summarizes agreements signed, orders placed and amounts disbursed against pledges from each member of the consortium.

Table A-2 gives a project-by-project breakdown of orders placed and disbursements as of September 30, 1965. We have tried to list these projects in the same order as in previous quarterly reports.

A comparison with IND 65-12, which was circulated on August 17, 1965, indicates that during the July/September period agreements have been signed for an additional \$109 million, orders were placed for \$317 million and disbursements were \$249 million.

The table below shows the value of these items as reported for the last nine quarters.

<u>Quarter ending</u>	<u>Agreements signed</u>	<u>Orders placed</u>	<u>Disbursements</u>
(U.S. \$ million)			
September 30, 1965	109	317	249
June 30, 1965	509	183	220
March 31, 1965	71	138	214
December 31, 1964	131	446	255
September 30, 1964	358	174	157
June 30, 1964	146	221	200
March 31, 1964	290	318	181
December 31, 1963	283	107	153
September 30, 1963	120	--	140

TABLE A-1

SUMMARY OF THIRD PLAN AID TO INDIA:
PLEDGES, AGREEMENTS SIGNED, ORDERS PLACED AND AMOUNTS
DISBURSED, BY CONSORTIUM MEMBERS AS OF SEPTEMBER 30, 1965

(US \$ million)

<u>Member</u>	<u>Pledges</u>	<u>Amount for which agreements have been signed</u>	<u>Value of orders placed</u>	<u>Amount dis- bursed</u>
Total, all pledges 1961/62 - 1965/66	<u>5,472.0</u>	<u>4,331.5</u>	<u>3,528.9</u>	<u>2,489.3</u>
1. Austria	18.0	13.9	12.1	8.3
2. Belgium	24.0	24.0	14.8	7.6
3. Canada	173.5	108.1	86.7	71.5
4. France	120.0	100.0	71.7	28.5
5. Germany	644.5	581.8	522.1	383.8
6. Italy	170.0	170.8	57.3	24.2
7. Japan	290.0	290.0	233.5	136.3
8. Netherlands	44.0	33.0	33.0	10.8
9. United Kingdom	518.0	448.0	425.9	294.5
10. United States	<u>2,285.0</u>	<u>1,667.4</u>	<u>1,487.9</u>	<u>1,074.8</u>
DLF/AID	NA	1,478.7	1,328.9	978.5
EX-IM	NA	188.7	159.0	96.3
11. IBRD and IDA	<u>1,185.0</u>	<u>894.5</u>	<u>583.9</u>	<u>449.0</u>
IBRD	515.0	309.5	147.0	111.1
IDA	670.0	585.0	436.9	337.9
Subtotal, 1961/63 pledges	<u>2,365.0</u>	<u>2,313.3</u>	<u>2,171.7</u>	<u>1,812.8</u>
1. Austria	5.0	5.0	5.0	4.7
2. Belgium	10.0	10.0	10.0	7.3
3. Canada	61.0	58.8	58.1	51.6
4. France	60.0	60.0	43.6	28.5
5. Germany	364.0	363.9	359.7	311.1
6. Italy	53.0	53.8	38.9	24.2
7. Japan	105.0	105.0	105.0	100.3
8. Netherlands	11.0	11.0	11.0	7.2
9. United Kingdom	266.0	266.0	259.0	186.8
10. United States	<u>980.0</u>	<u>954.3</u>	<u>904.0</u>	<u>819.4</u>
DLF/AID	857.4	857.7	809.3	735.1
EX-IM	122.6	96.6	94.7	84.3
11. IBRD and IDA	<u>450.0</u>	<u>425.5</u>	<u>377.4</u>	<u>271.7</u>
IBRD	200.0	175.5	144.1	109.1
IDA	250.0	250.0	233.3	162.6

Table A-1 (cont'd)

<u>Member</u>	<u>Pledges</u>	<u>Amount for which agreements have been signed</u>	<u>Value of orders placed</u>	<u>Amount dis- bursed</u>
Subtotal, 1963/64 pledges	<u>1,052.0</u>	<u>1,016.5</u>	<u>790.6</u>	<u>467.0</u>
1. Austria	7.0	7.0	6.2	2.7
2. Belgium	10.0	10.0	4.8	0.3
3. Canada	30.5	23.5	15.8	10.4
4. France	20.0	20.0	20.0	--
5. Germany	99.5	99.5	83.5	34.4
6. Italy	45.0	45.0	18.4	--
7. Japan	65.0	65.0	61.7	30.4
8. Netherlands	11.0	11.0	11.0	3.6
9. United Kingdom	84.0	84.0	81.2	53.1
10. United States	<u>435.0</u>	<u>377.5</u>	<u>347.5</u>	<u>214.0</u>
DLF/AID	NA	320.2	308.9	206.9
EX-IM	NA	57.3	38.6	7.1
11. IBRD and IDA	<u>245.0</u>	<u>274.0</u> a/	<u>140.5</u>	<u>118.1</u>
IBRD	105.0	134.0	2.9	2.0
IDA	140.0	140.0	137.6	116.1
Subtotal, 1964/65 pledges	<u>1,028.0</u>	<u>754.5</u>	<u>507.4</u>	<u>178.9</u>
1. Austria	1.0 b/	0.9	0.9	0.9
2. Belgium	--	--	--	--
3. Canada	41.0	17.0	8.8	8.7
4. France	20.0	20.0	8.1	--
5. Germany	95.0	95.0	55.5	22.5
6. Italy	36.0	36.0	--	--
7. Japan	60.0	60.0	49.0	5.6
8. Netherlands	11.0	11.0	11.0	--
9. United Kingdom	84.0	84.0	71.7	40.6
10. United States	<u>435.0</u>	<u>335.6</u>	<u>236.4</u>	<u>41.4</u>
DLF/AID	NA	300.8	210.7	36.5
EX-IM	NA	34.8	25.7	4.9
11. IBRD and IDA	<u>245.0</u>	<u>95.0</u>	<u>66.0</u>	<u>59.2</u>
IBRD	105.0	--	--	--
IDA	140.0	95.0	66.0	59.2

(continued)

<u>Member</u>	<u>Pledges</u>	<u>Amount for which agreements have been signed</u>	<u>Value of orders placed</u>	<u>Amount dis- bursed</u>
Subtotal 1965/66 pledges	<u>1,027.0</u>	<u>247.2</u>	<u>59.2</u>	<u>30.6</u>
1. Austria	5.0	1.0	--	--
2. Belgium	4.0	4.0	--	--
3. Canada	41.0	8.8	4.0	0.8
4. France	20.0	--	--	--
5. Germany	86.0	23.4	23.4	15.8
6. Italy	36.0	36.0	--	--
7. Japan	60.0	60.0	17.8	--
8. Netherlands	11.0	--	--	--
9. United Kingdom	84.0	14.0	14.0	14.0
10. United States	<u>435.0</u>	<u>--</u>	<u>--</u>	<u>--</u>
DLF/AID	NA	--	--	--
EX-IM	NA	--	--	--
11. IBRD and IDA	<u>245.0</u>	<u>100.0</u>	<u>--</u>	<u>--</u>
IBRD	105.0	--	--	--
IDA	140.0	100.0	--	--

a/ This exceeds the pledges for 1963/64 and absorbs the balance out of pledges for 1961-1963.

b/ The pledge is for \$0.85 million. \$1 million is shown as rounded figure, since it is also being shown by IBRD in Consortium press releases.

Source: Government of India

TABLE A-2

DETAILS OF CONSORTIUM ASSISTANCE
VALUE OF ORDERS PLACED AND AMOUNTS DISBURSED
UNDER VARIOUS AID AGREEMENTS AS OF SEPTEMBER 30, 1965

(US \$ million)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Grand Total	<u>4,331.5</u>	<u>3,528.9</u>	<u>2,489.3</u>
Subtotal 1961-63 pledges	<u>2,313.3</u>	<u>2,171.7</u>	<u>1,812.8</u>
Austria, subtotal	5.0	5.0	4.7
Credit for Capital Goods	5.0	5.0	4.7
Belgium, subtotal	10.0	10.0	7.3
Suppliers' Credits	10.0	10.0	7.3 ^{a/}
Canada, subtotal	58.8	58.1	51.6
Loans, subtotal	<u>23.4</u>	<u>22.9</u>	<u>18.1</u>
Rana Pratap Sagar Hydro-electric project	7.4	7.1	6.3
Indian Aluminium Co. Expansion I	0.9	0.9	0.9
Diesel Locos for Indian Railways	7.1	7.1	7.1
Binani Zinc Smelter	1.5	1.5	0.8
Indian Aluminium Co. Expansion II	0.8	0.6	0.4
Wind Tunnel Project	3.9	3.9	2.4
Amco Furnace for Durgapur Alloy Steel Project	1.8	1.8	0.3
Grants, subtotal	<u>35.4</u>	<u>35.2</u>	<u>33.5</u>
France, subtotal	60.0	43.6	28.5
First Credit for Third Plan	30.0)		
Second Credit for Third Plan	20.0)	43.6	28.5 ^{b/}
I.F.C. Credit	10.0	--	--
Germany, subtotal	<u>363.9</u>	<u>359.7</u>	<u>311.1</u>
Credits DM 230, DM 100 and DM 170 million) in 1961	) 171.3	171.3	171.3
Plus DM 85 and DM 100 million in 1962)			
DM 56 m. credit for Rourkela Services	14.0	14.0	8.2
DM 107 m. credit for Projects	26.8	26.8	26.8
DM 75 m. credit for Commodities	18.8	18.8	18.7
DM 20 m. for ICICI	5.0	4.3	3.8
DM 25 m. for IFC	6.2	3.1	1.9
DM 5 m. for NSIC	1.3	0.9	Negligible
DM 82 m. credit for infrastructure projects	20.5	20.5	20.5
DM 400 m. credit for Rourkela Expansion	100.0	100.0	59.9

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Italy, subtotal	<u>53.8</u>	<u>38.9</u>	<u>24.2</u>
ENI Credit for Petroleum Projects	<u>45.0</u>	<u>30.9</u>	<u>16.7</u>
Montecatini Credit for Madras Aluminium	8.8	8.0	7.5
Japan, subtotal	<u>105.0</u>	<u>105.0</u>	<u>100.3</u>
34.2 billion yen credit for Capital Goods	<u>95.0</u>	<u>95.0</u>	<u>90.3</u>
Suppliers' credit for Textile Machinery	10.0	10.0	10.0
Netherlands, subtotal	<u>11.0</u>	<u>11.0</u>	<u>7.2</u>
General Purpose Credit	<u>7.2</u>	<u>7.2</u>	<u>7.2</u>
Financial (Export) Credit	3.8	3.8	---
United Kingdom, subtotal	<u>266.0</u>	<u>259.0</u>	<u>186.8</u>
UK-India (General Credits 1961) I and II	<u>42.0</u>	<u>42.0</u>	<u>42.0</u>
UK-India (FYP) Credit 1961	84.0	84.0	74.8
UK-India (General) Credit 1962 - I	28.0	28.0	16.9
UK-India (Durgapur Expansion) Credit 1962	61.6	61.6	29.1
UK-India (FYP) Credit 1962	36.4	29.4	10.0
UK-India (General) Credit 1962 - II	14.0	14.0	14.0
United States, subtotal	<u>954.3</u>	<u>904.0</u>	<u>819.4</u>
EX-IM Bank, subtotal	<u>96.6</u>	<u>94.7</u>	<u>84.3</u>
Air India I	<u>4.1</u>	<u>4.1</u>	<u>4.1</u>
Air India II	8.1	8.1	8.1
Capital Goods III	25.0	25.0	24.7
Orient Paper Mills	18.5	18.5	18.0
Union Carbide	7.6	6.6	5.8
East India Hotels	0.7	0.5	0.5
Diesel Locomotive Works I	19.0	19.0	16.2
Hindustan Aluminium II	5.0	5.0	4.4
Bharat Forge	3.9	3.2	2.5
Indian Rayon Corporation	4.7	4.7	---
DLF/AID, subtotal	<u>857.7</u>	<u>809.3</u>	<u>735.1</u>
ICICI	<u>5.0</u>	<u>2.6</u>	<u>2.4</u>
NSIC	10.0	9.8	8.7
Premier Automobiles I	7.2	7.2	7.0
Talcher Power	33.0	31.3	19.1
Birasinghpur Power	8.4	8.4	4.6
Sharavati Power II	18.4	15.3	11.4
Non-ferrous Metals	20.0	20.0	20.0
Cambay Power	33.6	33.0	31.6
Non-project Loan I	200.0	200.0	199.5
Bandel Power	38.0	37.4	32.2

(continued)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Patherdih Coal Washery	4.2	4.2	3.6
Pamba-Kakki Power	20.2	16.4	15.7
Fourth Railway Loan	43.0	43.0	42.6
IFC - II	20.0	4.4	3.1
Premier Automobiles - II	3.0	3.0	2.9
 Trombay Power	 17.9	 16.6	 16.0
DCM Rayon Tire Cord	9.8	7.6	7.6
TELCO - I	13.7	13.4	13.0
Hindustan Motors	15.8	15.6	12.0
Nepco Bavel Gear	2.3	2.3	2.3
 Delhi Thermal Power	 16.0	 12.0	 4.5
Satpura Thermal Power	25.1	18.1	9.1
Non-project Loan II	240.0	240.0	240.0
Ramagunddam Power	8.4	5.4	1.3
Chandrapura Thermal Power II	16.0	13.8	3.6
 Railways V	 15.9	 15.9	 12.5
Central Ropeways	7.7	7.5	4.6
Dugda Coal Washery	5.1	5.1	4.2
 World Bank, subtotal	 <u>175.5</u>	 <u>144.1</u>	 <u>109.1</u>
Railways VI	50.0	50.0	50.0
Calcutta Port II	21.0	20.0	6.8
Private Sector Coal	35.0	33.6	23.6
IISCO - III	19.5	7.2	3.4
ICICI - IV	20.0	18.3	14.2
ICICI - V	30.0	15.0	11.1
 IDA, subtotal	 <u>250.0</u>	 <u>233.3</u>	 <u>162.6</u>
Roads	60.0	60.0 c/	49.5
U.P. Tubewells	6.0	6.0 c/	6.0
Shetrunji Irrigation	4.5	4.5 c/	2.9
Salandi Irrigation	8.0	5.3 c/	1.5
Punjab Drainage	10.0	10.0 c/	9.1
 DVC - IV	 18.5	 18.5	 9.6
Sone Irrigation	15.0	14.0 c/	9.8
Purna Irrigation	13.0	12.5 c/	8.7
Koyna II	17.5	12.5 c/	7.2
Bombay Port	18.0	11.1	3.0
 Telecommunications I	 42.0	 42.0	 29.6
Railways VII	17.5	17.5	17.5
Kothagudam Power	20.0	19.4 c/	8.2

(continued)

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Subtotal 1963/64 pledges	<u>1,016.5</u>	<u>790.6</u>	<u>467.0</u>
Austria, subtotal	<u>7.0</u>	<u>6.2</u>	<u>2.7</u>
Credit for Capital Goods	<u>7.0</u>	<u>6.2</u>	<u>2.7</u>
Belgium, subtotal	<u>10.0</u>	<u>4.8</u>	<u>2.3</u>
Suppliers' Credit	<u>10.0</u>	<u>4.8</u>	<u>2.3</u>
Canada, subtotal	<u>23.5</u>	<u>15.8</u>	<u>10.4</u>
Loans			
Kotah Hydro Electric Project	<u>7.4</u>	<u>4.2</u>	<u>0.4</u>
Grants	<u>16.1</u>	<u>11.6</u>	<u>10.0</u>
France, subtotal	<u>20.0</u>	<u>20.0</u>	<u>--</u>
Third Credit for Third Plan	<u>20.0</u>	<u>20.0</u>	<u>--</u>
Germany, subtotal	<u>99.5</u>	<u>83.5</u>	<u>34.4</u>
DM 61.4 m. credit for Rourkela Refinancing	<u>15.4</u>	<u>15.4</u> d/	<u>15.4</u>
DM 40 m. for commodities	<u>10.0</u>	<u>10.0</u>	<u>5.9</u>
DM 40 m. for selected continuing projects I	<u>10.0</u>	<u>8.6</u>	<u>0.5</u>
DM 60 m. for Alloy Steel Plant	<u>15.0</u>	<u>10.4</u>	<u>1.1</u>
DM 14 m. for Rourkela Expansion	<u>3.5</u> e/	<u>3.5</u>	<u>0.9</u>
DM 23.5 m. for Commodities	<u>5.9</u> e/	<u>--</u>	<u>--</u>
DM 28.1 m. for downpayment for Ships	<u>7.0</u>	<u>6.3</u>	<u>6.3</u>
DM 10 m. for ICICI	<u>2.5</u>	<u>0.3</u>	<u>--</u>
DM 5 m. for NSIC	<u>1.2</u>	<u>--</u>	<u>--</u>
DM 116 m. Suppliers' Credit for Purchase of Ships	<u>29.0</u>	<u>29.0</u>	<u>4.3</u>
Italy, subtotal	<u>45.0</u>	<u>18.4</u>	<u>--</u>
Suppliers' Credit	<u>45.0</u>	<u>18.4</u> f/	<u>--</u>
Japan, subtotal	<u>65.0</u>	<u>61.7</u>	<u>30.4</u>
Third Yen Credit (23.4 billion)	<u>65.0</u>	<u>61.7</u>	<u>30.4</u>
Netherlands, subtotal	<u>11.0</u>	<u>11.0</u>	<u>3.6</u>
General Purpose Credit	<u>7.2</u>	<u>7.2</u>	<u>3.6</u>
Financial (Export) Credit	<u>3.8</u>	<u>3.8</u>	<u>--</u>
United Kingdom, subtotal	<u>84.0</u>	<u>81.2</u>	<u>53.1</u>
Steel, 1963	<u>9.8</u>	<u>9.8</u>	<u>8.2</u>
General, 1963	<u>28.0</u>	<u>28.0</u>	<u>28.0</u>
Kipping Loan, 1963	<u>11.2</u>	<u>11.2</u>	<u>0.2</u>
General, 1964	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>
Bhopal, 1964	<u>7.0</u>	<u>7.0</u>	<u>1.3</u>
First UK-India (Five Year Plan)	<u>14.0</u>	<u>11.2</u>	<u>1.4</u>

(continued)

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
United States, subtotal	<u>377.5</u>	<u>347.5</u>	<u>214.0</u>
EX-IM Bank, subtotal	<u>57.3</u>	<u>38.6</u>	<u>7.1</u>
Coromandel Fertilizers	<u>27.0</u>	<u>17.6</u>	<u>3.4</u>
ExIm Credit IV	25.0	18.9	3.3
Mysore Acetate & Chemicals	2.1	2.1	0.4
Chemicals & Plastics	3.2	--	--
AID, subtotal	<u>320.2</u>	<u>308.9</u>	<u>206.9</u>
Tarapore Atomic Power	<u>80.0</u>	<u>75.8</u>	<u>18.6</u>
Non-project Loan III	225.0	225.0	182.7
Trombay Fertilizer II	7.8	6.9	5.6
National Engineering Industries	4.3	--	--
Sharavati Hydro Electric Project III	3.1	1.2	--
World Bank, subtotal	<u>134.0 g/</u>	<u>2.9</u>	<u>2.0</u>
Power Transmission Schemes	<u>70.0</u>	--	--
Kothagudam Power	<u>14.0</u>	2.0	2.0
ICICI - VI	50.0	0.9	--
IDA, subtotal	<u>140.0</u>	<u>127.6</u>	<u>116.1</u>
Railways VII	<u>50.0</u>	<u>50.0</u>	<u>50.0</u>
Industrial Imports I	90.0	87.6	66.1
Subtotal 1964/65 pledges	<u>754.5</u>	<u>507.4</u>	<u>178.9</u>
Austria, subtotal	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>
For Capital Goods and Commodities	0.9	0.9	0.9
Canada, subtotal	<u>17.0</u>	<u>8.8</u>	<u>8.7</u>
Loans			
Candu Atomic Power Project	0.6 b/	0.6	0.6
Grants	16.4	8.2	8.1
France, subtotal	<u>20.0</u>	<u>8.1</u>	<u>--</u>
Fourth Credit for Third Plan	20.0	8.1	--
Germany, subtotal	<u>95.0</u>	<u>55.5</u>	<u>22.5</u>
DM 90 m. for Rourkela repayments	<u>22.5</u>	<u>22.5 d/</u>	<u>22.5</u>
DM 55 m. for Commodities	13.8	2.0	--
DM 40 m. for financing continuing projectsII	10.0 e/	10.0	--
DM 10 m. for Neyveli Mining Scheme	2.5	2.5	--
DM 6.4 m. for Sawang Coal Washery	1.6	1.6	--
DM 13 m. for MISL Electric Arc Furnace	3.3 e/	--	--
DM 30.6 m. for other projects	7.6 e/	0.8	--
DM 15 m. for IFC	3.8	0.3	--
DM 5 m. for ICICI	1.2	--	--
DM 5 m. for NSIC	1.2 e/	--	--
DM 82 m. Suppliers' credit for Ships	20.5	15.4	--
DM 28 m. Suppliers' credit for items other than ships	7.0	0.4	--

(continued)

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Italy, subtotal	36.0	--	--
Suppliers Credit	36.0	--	--
Japan, subtotal	60.0	49.0	5.6
Fourth Yen Credit (21.6 billion)	60.0	49.0	5.6
Netherlands, subtotal	11.0	11.0	--
General Purpose	7.2	7.2	--
Financial (Export) Credit	3.8	3.8	--
United Kingdom, subtotal	84.0	71.7	40.6
Second UK-India (General) Credit 1964	28.0	28.0	28.0
Second UK-India (Five Year Plan)			
Credit 1964	4.2	2.1	--
Third UK-India (Five Year Plan)			
Credit 1964	4.3	1.1	--
Fourth UK-India (Five Year Plan)			
Credit 1964	2.8	0.7	--
Fifth UK-India (Five Year Plan)			
Credit 1964	3.5	3.0	--
Sixth UK-India (Five Year Plan)			
Credit 1964	9.0	9.0	--
Second UK-India (Bhopal) Credit 1964	5.6	4.8	--
Third UK-India (General) Credit 1964	11.2	7.6	--
First UK-India (General) Credit 1965	14.0	14.0	12.6
UK-India (Five Year Plan) Credit 1965	1.4	1.4	--
United States, subtotal	335.6	236.4	41.4
EX-IM Bank, subtotal	34.8	25.7	4.9
Diesel Locomotive Works II	17.0	17.0	2.4
Hindustan Aluminium III	11.0	8.7	2.5
General Pulp Mills	6.8	--	--
DLF/AID, subtotal	300.8	210.7	36.5
Commodity Assistance Program 1964/65			
(I Tranche)	50.0	50.0	29.3
Railways VI	7.2	7.2	3.2
Telco II	11.8	6.5	1.0
Consultancy Services	2.0	--	--
IFC III	10.0	--	--
Hindustan Motors (Trucks)	23.0	--	--
Hindustan Motors (Shovels)	3.0	--	--
Commodity Assistance Program 1964/65			
(II Tranche)	190.0	147.0	3.0
Railways VII	3.8	--	--

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
IDA, subtotal	<u>95.0</u>	<u>66.0</u>	<u>59.2</u>
Telecommunications II	<u>33.0</u>	<u>14.0</u>	<u>13.3</u>
Railways VIII	<u>62.0</u>	<u>52.0</u>	<u>45.9</u>
Subtotal 1965/66 pledges	<u>247.2</u>	<u>59.2</u>	<u>30.6</u>
Austria, subtotal	<u>1.0</u>	<u>--</u>	<u>--</u>
Suppliers' Credit	<u>1.0</u>	<u>--</u>	<u>--</u>
Belgium, subtotal	<u>4.0</u>	<u>--</u>	<u>--</u>
Suppliers' Credit	<u>4.0</u>	<u>--</u>	<u>--</u>
Canada, subtotal	<u>8.8</u>	<u>4.0</u>	<u>0.8</u>
Loans			
Candu Atomic Power Project	0.8 <u>h/</u>	0.8	0.8
Grants	8.0	3.2	--
France, subtotal	--	--	--
Germany, subtotal	<u>23.4</u>	<u>23.4</u>	<u>15.8</u>
DM 93.6 m. for Rourkela repayments	<u>23.4</u>	<u>23.4</u> <u>d/</u>	<u>15.8</u>
Italy, subtotal	<u>36.0</u>	<u>--</u>	<u>--</u>
Suppliers' Credit	<u>36.0</u>	<u>--</u>	<u>--</u>
Japan, subtotal	<u>60.0</u>	<u>17.8</u>	<u>--</u>
Fifth Yen Credit (21.6 billion)	<u>60.0</u>	<u>17.8</u>	<u>--</u>
Netherlands, subtotal	--	--	--
United Kingdom, subtotal	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>
Second UK-India (General) Credit 1965	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>
United States, subtotal	--	--	--
World Bank, subtotal	--	--	--
IDA, subtotal	<u>100.0</u>	<u>--</u>	<u>--</u>
Industrial Imports II	<u>100.0</u>	<u>--</u>	<u>--</u>

a/ Estimated.

b/ Combined for all the four French Credits for Third Plan.

c/ Including that portion of the value of contracts awarded locally which is reimbursable from IDA on a percentage basis.

d/ Notional

(continued)

- e/ Final Loan: agreement with Kreditanstalt not yet signed.
- f/ Against suppliers' Credits for 1963/64, 1964/65 and 1965/66.
- g/ This exceeds the pledges for 1963/64 and absorbs the balance out of pledges for 1961-1963.
- h/ The total amount of the project is \$34.2 million but an amount of \$0.6 million will be adjusted against Canadian pledges for 1964/65, and \$0.8 million against Canadian pledges for 1965/66 up to September 30, 1965. According to the terms of the agreement the amount disbursed during a year will be adjusted against consortium pledges for that year.

ANNEX B

NEW COMMITMENTS DURING THE QUARTER ENDED
SEPTEMBER 30, 1965

Reports on 8 new agreements signed or authorized by France, Germany, the Netherlands and the International Development Association are reproduced in the following pages. Austria, Belgium, Canada, Japan, the United Kingdom, the United States and the International Bank for Reconstruction and Development signed no new commitments during the quarter. Italy reported no details on any recent agreements and the Government of India report confirms that no new agreements were signed with Italy during this quarter.

FRENCH COMMITMENTS DURING THE QUARTER ENDED
SEPTEMBER 30, 1965

1. (a) Equipment for Cement Factory
(b) Borrower: Associated Cement
Lender: Compagnie des Machines pneumatiques rotatives
(Supplier credits guaranteed by the French Government)
Date of notification: July 29, 1965
(c) Amount: 1,023,006 Francs (U.S. \$208,776)
(d) Purpose: Procurement of air compressors and cooling plates for
a cement factory.
(e) Interest rate: $5\frac{1}{4}\%$
(f) Amortization terms: 10 years.
2. (a) Alternator for Aliyar Power Station
(b) Borrower: Madras State Electricity Board
Lender: Alsthom (Supplier credits guaranteed by French Government)
Date of notification: August 10, 1965
(c) Amount: 2,596,586 Francs (U.S. \$529,915)
(d) Purpose: Procurement of an alternator for the Aliyar power station
(e) Interest rate: $5\frac{1}{4}\%$
(f) Amortization terms: 10 years.
3. (a) Machine tools, Presses, Steam Dryer and Drills
(b) Borrower: Heavy Electricals
Lender: Compagnie Intercontinentale Commerciale et Financiere
(Supplier credits guaranteed by the French Government)
Date of notification: August 26, 1965
(c) Amount: 1,282,072.05 Francs (U.S. \$261,647)
(d) Purpose: Procurement of machine tools, presses, steam dryer
and drills
(e) Interest rate: $5\frac{1}{4}\%$
(f) Amortization: 10 years.

GERMAN COMMITMENTS DURING THE QUARTER ENDED
SEPTEMBER 30, 1965

1. (a) Loan Agreement with Mysore Iron and Steel Ltd.
 - (b) Borrower: Mysore Iron & Steel Ltd. (MISL)
Bhadravati/Mysore
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt am Main
Date: August 31, 1965
Official Title: Loan Agreement between the Kreditanstalt fur Wiederaufbau, Frankfurt am Main, and Mysore Iron & Steel Ltd., for DM 13 million
 - (c) Amount: DM 13 million (U.S. \$3.2 million)
 - (d) Purpose: Construction of an electric pig iron plant to expand the pig iron capacity of MISL
 - (e) Interest rate: 3%
 - (f) Amortization terms: 32 half-yearly instalments of DM 361,000, the first on December 31, 1972 and the last on June 30, 1988.

4 half-yearly instalments of DM 362,000, the first on December 31, 1988 and the last on June 30, 1990.
 - (g) Preliminary estimate of disbursements: By June 30, 1967.
2. (a) Loan Agreement with the Indian Development Bank, IFCI
 - (b) Borrower: Industrial Finance Corporation of India, New Delhi
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt am Main
Date: July 30, 1965
Official Title: Loan Agreement between the Kreditanstalt fur Wiederaufbau, Frankfurt am Main, and the National Small Industries Corporation Ltds., New Delhi, for DM 5 million
 - (c) Amount: DM 5 million (U.S. \$1.2 million)
 - (d) Purpose: Financing of projects of small and medium scale private industries
 - (e) Interest rate: 3%

(continued)

- (f) Amortization terms: 34 half-yearly instalments of DM 420,000, the first on December 31, 1972 and the last on June 30, 1989, and 2 half-yearly instalments of DM 360,000 the first on December 31, 1989 and the last on June 30, 1990.
 - (g) Preliminary estimate of disbursements: By December 31, 1968.
3. (a) Loan Agreement with the Indian Development Bank, NSIC
- (b) Borrower: National Small Industries Corporation Ltd., New Delhi
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt am Main
Date: July 26, 1965
Official title: Loan Agreement between the Kreditanstalt fur Wiederaufbau, Frankfurt am Main, and the National Small Industries Corporation Ltds., New Delhi, for DM 5 million
 - (c) Amount: DM 5 million (U.S. \$1.2 million)
 - (d) Purpose: Financing of projects of small and medium scale private industries
 - (e) Interest rate: 3%
 - (f) Amortization terms: 34 half-yearly instalments of DM 140,000 the first on December 31, 1972 and the last on June 30, 1989, and 2 half-yearly instalments of DM 120,000 the first on December 31, 1989 and the last on June 30, 1990.
 - (g) Preliminary estimate of disbursements: By December 31, 1968.

NETHERLANDS COMMITMENTS DURING THE QUARTER ENDED
SEPTEMBER 30, 1965

1. (a) Equipment for a Tyre Cord Plant
- (b) Borrower: The Century Spinning & Manufacturing Comp., Bombay
Lender: Nationale Bank voor Middellang Krediet
Date of loan agreement: June 1, 1965
Date of guarantee: July 28, 1965
- (c) Amount: Price fl. 13,350,000 (U.S. \$3.7 million)
Loan fl. 12,015,000 (U.S. \$3.3 million)
- (d) Purpose: Equipment for a tyre cord plant
- (e) Interest rate: 6%
- (f) Amortization terms: 20 half-yearly instalments beginning
6 months after delivery

Note: The total 10 year financial export credit facility from
1962/63 to 1964/65 is fl. 42 million (U.S. \$11.7 million).
Fl. 21,030,503 million (U.S. \$5.8 million) has been used
up to September 30, 1965.

December 1964	Dredger	fl. 6,067,868 (U.S. \$1.7 m.)
March 1965	Floating crane	fl. 2,947,635 (U.S. \$0.8 m.)
July 1965	Tyre cord plant	fl. 12,015,000 (U.S. \$3.3 m.)

IDA COMMITMENTS DURING THE QUARTER ENDED
SEPTEMBER 30, 1965

(a) Second Industrial Imports Project

- (b) Borrower: India, Acting by its President
Lender: International Development Association
Date: August 11, 1965
Official title: Development Credit Agreement (Second Industrial Imports Project) between India and the International Development Association
- (c) Amount: Various currencies equivalent to \$100 million
- (d) Purpose: To increase utilization of existing manufacturing capacity and other capital equipment in India by increasing the availability of foreign exchange for the import of materials, components, spare parts and miscellaneous items of balancing equipment.
- (e) Service Charge: $3/4$ of 1 percent per annum.
- (d) Amortization terms: The development credit will be for a period of 50 years. Repayment will be in semi-annual instalments commencing January 1, 1976 and ending July 1, 2015, each payment up to July 1, 1985 to be $\frac{1}{2}$ of 1 percent of the principal amount and each subsequent payment to be $1\frac{1}{2}$ percent of the principal amount.
- (g) Forecast of disbursements: By June 30, 1967.

List of Goods:

A. Components, materials and spare parts for the manufacturers of:

i. Trucks and buses	U.S. \$ 34,000,000
ii. Automotive components	15,000,000
iii. Machine tools	7,000,000
iv. Cutting tools	4,000,000
v. Transformers, switchgear, motors & stampings	10,000,000
vi. Cables and wires	20,000,000
vii. Heavy construction equipment	3,000,000

B. Balancing equipment for the manufacture of products listed under A above 1,000,000

C. Spare parts for heavy construction equipment dealers 6,000,000

Total U.S. \$100,000,000

ANNEX C

ADDITIONAL PROJECTS OR PROGRAMS UNDER ACTIVE CONSIDERATION

Consortium members were asked to indicate any additional projects or programs for which assistance is under active consideration but for which no firm commitment has yet been made. Several members responded and their answers are summarized below:

<u>Purpose</u>	<u>Approximate amount</u> (US \$ million)
1. <u>Austria</u>	
A fourth Credit Agreement will shortly be concluded between Austria and India, relative to a US \$4 million line of credit. As in the case of the previous credits to India, the exchange made available by the credit will be used for the purchase of Austrian goods. a/	4
2. <u>Belgium</u>	
These items are the so-called "promises" i.e. the authorities in Belgium have promised to guarantee the suppliers' credit subject to the transactions taking place within a period of validity of the promise. The period of validity is limited to a few months, but may be extended. Credit transactions for some of the items eventually may not take place. (BF 83.9 million)	1.6
3. <u>Canada</u>	
(a) Indian Aluminum Company (INDALUCO) - Sale and export of engineering and procurement services and equipment for expansion of West Coast Smelter Project. (\$Cdn 24.2 million)	22.3
ECIC - \$Cdn 5.5 million	
EXIM - \$Cdn 12.8 million	
ALCAN - \$Cdn 5.9 million	
(b) President of India - Sale and export of engineering and procurement services and equipment for Rajasthan Atomic Power Project Stage II. (\$Cdn 34.5 million)	31.7

(continued)

<u>Purpose</u>	<u>Approximate amount</u>
	(US \$ million)
4. <u>Germany</u>	
(a) Financing of an individual project (1963/64 commitment). (DM 14.0 million) <u>a/</u>	3.5
(b) Financing of goods and services contributing to the better utilization of existing production capacity (Commodity V). (DM 23.5 million) <u>a/</u>	5.9
(c) Financing of individual projects (1964/65 pledge). (DM 30.6 million)	7.6
5. <u>United States</u>	
Under consideration by Export-Import Bank:	
(a) The Modern Mills, Ltd. <u>a/</u>	5.0
(b) Nirlon Synthetic Fibres & Chemicals Pvt. <u>a/</u>	12.0
(c) South Bend India, Ltd. <u>a/</u>	1.8
(d) Indian Aluminium Co., Ltd. <u>a/</u>	11.9
Under consideration by AID (applications received):	
(e) Bolani Ores Ltd. <u>a/</u>	6.7
(f) Mahindra & Mahindra <u>a/</u>	10.5
(g) Civil Aviation <u>a/</u>	9.3
(h) Higher Education - Capital Requirements <u>a/</u>	12.0
(i) F.A.C.T. (Fertilizer Plant) <u>a/</u>	31.2
(j) Durgapur Fertilizer Plant <u>a/</u>	32.0
(k) Chandrapura Thermal Power <u>II a/</u>	44.0
(l) Commodity Assistance <u>b/</u>	265.0
6. <u>IBRD and IDA</u>	
(a) Tata Iron and Steel Company <u>b/</u>	To be determined
(b) Kothagudem Fertilizer <u>b/</u>	To be determined
(c) Indian Iron and Steel Company <u>a/</u>	14.5
(d) Bangalore Water Supply <u>a/</u>	25.0
(e) Koyna Hydro Electric <u>III a/</u>	18.5
(f) Railways	To be determined

a/ Reported previously.

b/ Project reported previously but amount under consideration has changed.

ANNEX D

CORRECTIONS IN THE QUARTERLY REPORT FOR APRIL/JUNE 1965
(IND 65-12)

Members were requested to report any discrepancies between their own records and the data given in the last quarterly report. Comments received from members are summarized below:

Annex A

1. The Austrian Ministry of Finance records show the following deviations from the figures contained in IND 65-12:

"Orders placed: The total figure placed up to June 30, 1965 was US \$11.1 million, US \$5 million of this sum being charged against the Austrian Credit to India I (1961-1963 pledges) and US \$6.1 million against Credits to India II and III (1963-1965 pledges).

"The total Austrian pledges should, for the sake of accuracy, be shown as US \$17.85 million, and the pledges for 1964/65 as US \$0.85 million, since otherwise discrepancies will arise between the figures and the amounts actually utilized.

"The discrepancies between the data given in the World Bank report, which are based on figures supplied from Indian sources, and the records of the Ministry of Finance are to be explained by the fact that orders placed are recorded earlier by the Indian than by the Austrian authorities, so that certain orders, already reported by India as having been placed, were not listed in Austria until after June 30, 1965."

2. Japan noted differences in the value of orders placed ("The value of purchasing contracts approved by the Export-Import Bank of Japan.") as follows:

<u>Orders placed</u>	<u>Japanese Government records</u>	<u>Annex A IND 65-12 Government of India</u>
		(U.S. \$ million)
Total, all pledges	181.1	206.5
1961-63 pledges	104.3	105.0
1963/64 pledges	58.1	61.7
1964/65 pledges	18.7	39.8

(continued)

Annex B

3. The Government of India reports the following discrepancies:

B-GE 2(d) "selected" should be inserted between the words "individual" and "projects".

3(g) should read 1967 instead of 1966.

4(g) should read 1968 instead of 1966.

B-UK 1(g) amount completely drawn on August 18, 1965.

B-US 1(b) dates should read as follows: Authorized - December 4, 1964
Signed - April 30, 1965

3(b) dates should read as follows: Authorized - April 13, 1965
Signed - June 17, 1965

official title should read: "Commodity Program Assistance
1964-65".

6(b) date should read as follows: July 22, 1965.

4. The United States and the Government of India noted that the AID loans of \$2.95 million for Hindustan Motor Shovels and \$23 million for Hindustan Motor Trucks, both authorized on June 15, 1964 (IND 64-16), were signed on May 3, 1965.

Annex C

5. The Government of India reports the following discrepancies:

Germany 3(b) should read "Commodity II - 1963-64 Commitments".

3(c) The following sentence should be added to this item:
"Out of this a loan agreement for DM 13 million for
Mysore Iron & Steel Works Electronic Pig Iron Plant
was signed on August 31, 1965."

3(d)(i) IFC - Credit of DM 15 million agreement signed on
July 22 and 30, 1965.

(ii) NSIC - Credit of DM 5 million agreement signed on
July 19 and 26, 1965.

United States 5(a) \$5 million has been withdrawn from Uttar Pradesh
Pulp and Paper Mills Ltd.



D.O.No.4751-SEA/65

27th November 1965

Dear Bernie,

Thank you very much for your letter of November 19. Sundara Rajan must have conveyed to you by now my reaction to the immediate question you had raised. You will recall that in my earlier communication to George Woods (through Sundara Rajan) I had said that we will reconsider the matter towards the end of November. Your letter, therefore, came at a time when we were already considering where we go next from the present position.

2. I agree with you that a Plan appraisal Mission looking towards a Consortium meeting cannot possibly begin its work in India until February or later - I should say more likely, later.

3. As for some of you coming in connection with the Bell Mission Reports, it still seems to me desirable that this should be done as a part of the Plan appraisal Mission. In part I am guided in this judgment by the fact that most of us, who might be concerned with such a visit, would be extremely busy during the coming months. But more than that it also seems to me that there is perhaps not as much urgency about finalising these Reports in view of the inevitable postponement in the time-table for the Fourth Plan Consortium.

4. In a way, from what I have seen of the draft Reports, it would appear that their main focus has not been so much on a review of the Third Plan as was originally contemplated as on policies and programmes looking forward to the Fourth Five Year Plan. I imagine that the interest of others in the Bell Mission Reports arises also from the fact that these Reports have a bearing on the next Plan and on future aid. At this stage, when even aid already pledged for the last year of the Third Plan is not being released, it is perhaps not too much to assume that the aid-giving countries would not expect us to shift our attention from the present rather serious problems confronting us to the revision of Reports which were initiated and prepared in the context of an altogether different set of circumstances. As far as the Government of India is concerned, the Reports are already with the concerned Departments so that the suggestions contained therein are, in fact, receiving our attention. For this very reason, it should not be difficult for us, without much loss of time, to attend to the revision of the Reports once the present uncertainties in regard to aid have been removed. You will perhaps not misunderstand me if I say that till then discussions on at least some of the Reports which are likely to be more controversial would appear rather academic and abstract in the midst of our immediate pre-occupations.

5. I quite appreciate that you should have as clear an idea as possible of our views in this matter so that you could make your plans accordingly. Briefly, my feeling is that the two questions, namely, appraisal of the next Plan and the Bell Mission Reports are inter-related and should be tackled only after the present uncertainties regarding aid to India are behind us. I have tried to indicate my reasons for this as fully as I can. Kindly inform George Woods also about this as I had promised

p.t.o.

in my earlier communication that we would review the matter towards the end of November.

With best regards,

D.C.No.4781-37/402

Yours sincerely,

S. Bhoothalingam

Mr. Bernard R. Bell,
International Bank for Reconstruction
and Development,
1818 H Street,
N.W., Washington D.C. 20433
(U.S.A.)

I agree with you that a Plan appraisal Mission looking towards a consensus meeting cannot possibly begin its work in India until February or later - I should say more likely later.

As for some of you coming in connection with the Bell Mission Reports, it still seems to me desirable that this should be done as a part of the Plan appraisal Mission. In part I am guided in this judgment by the fact that most of us who might be concerned with such a visit, would be extremely busy during the coming months. But more than that it also seems to me that there is perhaps not as much urgency about finalizing these Reports in view of the inevitable postponement in the time-table for the Fourth Plan Consensus.

In a way, from what I have seen of the draft Reports, it would appear that their main focus has not been so much on a review of the Third Plan as was originally contemplated as on policies and programmes looking forward to the Fourth Five Year Plan. I imagine that the interest of others in the Bell Mission Reports arises also from the fact that these Reports have a bearing on the next Plan and on future aid. At this stage, when even aid already pledged for the last year of the Third Plan is not being released, it is perhaps not too much to assume that the aid-giving countries would not expect us to shift our attention from the present rather serious problems confronting us to the revision of Reports which were initiated and prepared in the context of an altogether different set of circumstances. As far as the Government of India is concerned, the Reports are already with the concerned Departments so that the suggestions contained therein are, in fact, receiving our attention. For this very reason, it should not be difficult for us, without much loss of time, to attend to the revision of the Reports once the present uncertainties in regard to aid have been removed. You will perhaps not misunderstand me if I say that till then discussions on at least some of the Reports which are likely to be more controversial would appear rather academic and abstract in the midst of our immediate pre-occupations.

I quite appreciate that you should have as clear an idea as possible of our views in this matter so that you could make your plans accordingly. Briefly, my feeling is that the two questions, namely, appraisal of the next Plan and the Bell Mission Reports are inter-related and should be tackled only after the present uncertainties regarding aid to India are behind us. I have tried to indicate my reasons for this as fully as I can. Kindly inform George Woods also about this as I had promised

Mr. Bernard R. Bell

November 23, 1965

Hans Pollan

INDIA - Economic Report of German Mission

1. We received earlier this month through Dr. Donner a copy of the main report (Volume 1) dated September 9, 1965, of the mission of the Kreditanstalt fuer Wiederaufbau (KfW) which visited India in the spring of 1965. You will recall that this mission was mentioned by the German delegation at the last two meetings of the Indian Consortium, and that you spoke last summer with its leader, Dr. Hankel, and some of its members. (There also exists a Volume 2 which we have not yet received; furthermore, the mission prepared a report on the Indian steel industry, a draft copy of which I obtained in Frankfurt in September).

2. The main report, which includes the contribution of the agricultural experts on the mission, reviews in broad terms India's economic performance during the first three Five-Year Plans, makes observations on the next Plan based on the GOI's Fourth Plan Memorandum (October 1964), and recommends the type of future German assistance to, and involvement of Germany in, the Indian economy. The KfW report has been presented to the German Government to help decide the last point.

Summary of KfW Report

3. The report lays, in a number of references, considerable stress on the non-economic factors responsible for India's difficulties such as the Indians' tradition-bound mentality, illiteracy, the interests of particular regions, and ethnic differences. The population problem is highlighted but with considerable skepticism regarding prospects for its solution.

4. In reviewing the past, the report points out that the steady increase in investments during the past three Plans have overstrained India's finances and not brought about the desired results, e.g.

- (i) the general standard of living has improved only marginally,
- (ii) open and hidden unemployment has increased,
- (iii) productivity of investments has regressed (the marginal capital: output ratio deteriorated from 1.7:1 during the First to 2.9:1 during the Third Plan),
- (iv) a relatively rapid increase in prices in the past two years,
- (v) the consolidated budgetary position (Center and States) has run into increasing deficits, especially in recent years, and
- (vi) the balance of payments' position is extremely precarious.

5. The KfW considers that India's growth needs justified the rising share of investments in GDP (7% in 1950/51, 16% in 1963/64 and possible 21% in 1970/71) but the resource squeeze should have led to a different direction of investments with quicker and higher yields. The KfW mission is concerned about the strong emphasis on heavy industry and the neglect of consumption goods, especially food. As a result, import needs have grown rapidly for industrial raw materials and components, and for food. According to tentative Indian estimates ^{1/}, about 70% of total 1970/71 imports will have to meet industrial maintenance needs, 25% for new investments, and only 5% for food. The KfW mission believes that food imports may have to take a larger share of imports in 1970/71. (In the mission's view, the tentative import forecasts imply India's reliance on foreign aid to close the likely food gap). To sum up, the mission feels that the structure of Indian investment is largely responsible for the country's balance of payments' problems.

6. Another point of concern to the mission is the falling share of the private sector in Plan expenditures (48% in the First, 33% in the Third and tentatively 31% in the Fourth Plan). They feel that private initiative is inhibited by the conscious favoritism shown to the public sector.

7. The KfW mission also concludes that fiscal policies should aim at budgetary equilibrium for the Center and States and thus avoid inflationary financing by the Reserve Bank. At the present level of governmental expenditures, this would mean an increase in taxes to 18% of GDP versus 12.4% in 1963/64. The mission considers that agriculture has been spared too much and that more taxes on real estate, following a reassessment of ground values, could greatly contribute to a higher tax yield. At the same time, credit facilities already available to the economy from the Indian banking system have not been fully utilized, even under present restrictive regulations. Furthermore, savings with the banking system, which have shown an encouraging growth, could probably be stimulated by tax incentives. From the foregoing, the mission concludes that there is considerable scope in stemming inflationary pressures.

8. The share of exports in GDP is insufficient. In 1963/64, it amounted to only 4% (or about 65% of total imports) and the tentative outline for the Fourth Plan does not allow for an increase. Consequently, the mission feels that even the planning for the Fourth Plan leads to a disproportionate dependence on foreign aid. The mission feels India should aim at tripling the exports, particularly to convertible currency areas, of "non-traditional" commodities, (now accounting for 15% of present exports) such as iron ore, light machinery, nuts, fish, specialty textiles, leather goods, chemical products, ferro-magnesium and ferro alloys. This would need export incentives. If a devaluation of the rupee, which the mission considers necessary ^{2/}, is not feasible for political reasons, there should be an increased use of export premia without a link to import and tax privileges for exporters.

^{1/} presumably in the Fourth Plan Memorandum?

^{2/} the subject is only mentioned once, and in this context.

9. In conclusion, the report calls for fundamental changes in Indian economic policies, including a restructuring of future investment in favor of agriculture and better utilization of existing industrial capacity; new industrial investments should only serve to facilitate already determined manufacturing programs. The Indian economy also needs more incentives for the private sector, a wider tax coverage and more use of available banking credit, and measures to stimulate exports. The mission, however, stresses that an efficient implementation of these recommendations would, while improving the situation, not reduce India's need for continued foreign aid in the foreseeable future.

10. The report makes specific comments and recommendations on agriculture. The mission feels that a push in agriculture offers the best prospects because (a) an increase in GDP is more easily feasible due to under-utilized soil and labor resources, (b) it offers relatively short gestation periods for investments, (c) new production can be brought about at a lesser investment, and (d) agriculture would contribute more to the improvement of living standards. In any event, without an increase in agricultural output, there would be political difficulties in India because there is likely to be little scope for an appreciable increase in PL 480 deliveries. India needs an annual increase in food output from the 1950/64 average of 3-4% to 5-6% over the next ten years. This will assure a minimum supply of 500 grams per head of food grains instead of the substandard level of 450 grams available at present.

11. Present plans allot only 16% of total investments in the Fourth Plan to agriculture; (it was 14% in the Third Plan). This is in the mission's view patently not enough and the mission wonders how India could, with present policies, get the needed 141 million tons of food grains in 1970 (148 million tons in 1975) from the present level of 85 million tons. Even if there were a substantial increase in food grain imports into India, her ports could not handle them, as evidenced by the recent difficulties in processing imports of 6 million tons.

12. In the mission's view, India has to do the following in agriculture: (a) use more organic fertilizer and iron ploughs to achieve better soil fertility, (b) use more synthetic fertilizer (and to this end construct new fertilizer plants and achieve a better use of fertilizer, for instance by appropriate advice to farmers), (c) step up irrigation, (d) achieve a better use of labour through simple implements (the KfW mission argues against the use of capital intensive equipment in agriculture), (e) expand extension services and research, the latter especially with a view to improving seeds and the use of cattle. The foregoing recommendations would, however, be of little avail without an energetic general education effort and the solution of certain social problems, among them the implementation of already legislated agrarian reform measures, the provision of cooperative, credit, storage and marketing facilities, and more emphasis on package district programs (but in the latter case only if all inputs are made available).

13. The report notes the following implications for German aid to India:

- (a) There should be a greater German effort in connection with German aid to influence Indian planning through the consortium if the IBRD and other principal members take the same view and do not shy away from constructive criticism; any further German assistance should depend on presentation of an Indian development program commensurate to resources as well as a reorientation in investments towards a lower capital output ratio.
- (b) More maintenance aid (principally raw materials) possibly in the ratio 3:1 to project assistance,

- (c) Within project aid, more for agriculture; however, German aid could continue for steel projects although only if it were to serve the rounding off of insufficiently used capacity. 1/
- (d) German aid for agriculture should be directed to:
- (i) new fertilizer plants and, while the plants are under construction, the financing of fertilizer imports against rupee payments,
 - (ii) the financing of pumps for tubewells and small irrigation and other raw materials for irrigation works,
 - (iii) financing of plough imports despite the protectionist import ban by India,
 - (iv) an expansion of German assistance for district package programs, including the financing of technical assistance and necessary inputs.

1/ The proposed Fourth Plan expansion of Rourkela would fit this qualification.

Some Observations

14. There are no striking discrepancies in the KfW's policy recommendation vis-a-vis those in the Bell reports, except for the agricultural part. The KfW report reads very much like a broad-brush study prepared by an economic team visiting India for the first time. It is also apparent that source material was not too widely available to the KfW mission and that conversations with appropriate parties in India may not have provided too much insight into "decision processes", or consequences thereof, which your mission reviewed last winter.

15. There is barely any analysis of the effects of cost price relationships, of administrative controls and of the type of planning going on in India. The report, however, reveals an intuitive and visceral concern of the mission that these are problem areas. It is not surprising, therefore, that the mission goes into depth in the areas which they felt were measurable, such as inflation, and what it considers undue emphasis in the past on heavy industry and the neglect of agriculture.

16. It has also to be understood, particularly in regard to the mission's reservation about the yield from new investments and its nearly unqualified position in favor of "running existing" versus "building new" capacity, that they were not undertaking an assessment of the long-range strategy of Indian development. The mission makes it quite clear that it has focused on a shorter range, i.e. up to 1970, for the purpose of helping determine German aid policies during that period of time. While it does not deal with a desirable level of German aid, I believe that the recommended form and direction of aid coincides with your mission's views.

17. I am enclosing the report in case a member of your mission would want to review it. Could it be returned to me after perusal?

cc: Messrs. Wilson, Stevenson, McIvor, von Hoffmann, McDiarmid,
Sadove, E/saas, Katz, Votaw (New Delhi), New Delhi Office.

Jed Com...

OFFICE MEMORANDUM

TO: Files

DATE: November 23, 1965

FROM: R.G. Russell

SUBJECT: INDIA - Consortium Quarterly Reports

1. My memorandum of November 23 to the Belgian Executive Director, Mr. van Campenhout, suggested revision of the Belgian contribution to Annex C of the Quarterly Reports.

2. I spoke with Mr. Plum, Mr. van Campenhout's assistant, and he does not agree. There are no compelling reasons for the suggested change other than clarity, and he feels that the present version adequately describes the Belgian procedure of "promises to guarantee export credits". Since it is not necessary to change, it is necessary not to change.

cc: Messrs. Pollan
Votaw
Delhi Office

RGRussell/cas

Jed Connor

Mr. Andre van Campenhout

November 23, 1965

R.G. Russell

INDIA - Consortium Quarterly Reports

1. We have been including the following statement in Annex C to the Quarterly Reports on a regular basis:

"These items are the so-called 'promises' i.e. the authorities in Belgium have promised to guarantee the suppliers' credit subject to the transactions taking place within a period of validity of the promise. The period of validity is limited to a few months, but may be extended. Credit transactions for some of the items eventually may not take place."

2. We propose, subject to your approval, to simplify the statement somewhat for the benefit of possible readers who are not familiar with the guarantee process:

"This amount is the total of Government agreements ('promises') to guarantee credits extended by suppliers. The period of validity is limited to several months, although it may be extended for a longer time. Some of the agreements ('promises') which ~~are~~ included in the total ~~may~~ expire before they are utilized."

3. We would be grateful for your approval.

RGRussell/wh

Ind. Consort.

Mr. Wilson

November 22, 1965

Alexander Stevenson

German Assistance to India

Please note the following article which appeared in the London Financial Times on November 17.

"£ 30 M. West German Assistance for India.

An Agreement has been signed here under which India will receive German assistance totalling DM 343.6 m. (about £ 30 m.) towards the fifth year of her current economic plan.

The assistance is part of international support to India by the Aid India Consortium. The amount is composed of a DM 243.6 m. credit and DM 100 m. in warranties to cover credits granted in respect of exports to India."

This means that the Government agreement covering the whole German pledge to India for 1965/66 has been signed. I have drawn it to the attention of Dr. Donner.

cc: Mr. Pollan

AS/uz

OFFICE MEMORANDUM

TO: Mr. D.D.Fowler
FROM: R.E.Radford *REL*
SUBJECT: Quarterly Reports on Aid to Pakistan and India

DATE: November 17, 1965

With reference to Mr. Mendels' memorandum of October 22, I have now been informed that the reports on aid to Pakistan for the quarters ending June 30 and September 30 are nil returns.

2. I also take this opportunity to inform you that the return on aid to India for the quarter ended September 30 is also a nil return.

3. As regards the point raised in the last paragraph of your memorandum of August 11 1965, we concluded that the factor open to argument would be the figure for "unused commitments at the beginning of the Second Plan" (Table I, footnote 1(a)). We are content with the explanation you have given and do not wish to pursue this point further.

OFFICE MEMORANDUM

TO: Mr. Votaw

DATE: November 19, 1965

FROM: Donald D. Fowler

SUBJECT: Quarterly Reports on Aid to India

Attached is a copy of a memorandum from the United Kingdom Alternate Executive Director indicating a Nil return for United Kingdom aid to India during the quarter July 1 - September 30, 1965.

Paragraph 3 of the copy memorandum refers to Pakistan.



Ind. Cons. V

November 18, 1965

Letter No. 154

Mr. Romano Pantanali
Office of the IBRD
Resident Representative
Reserve Bank of India Building
Parliament Street
P. O. Box 416
New Delhi, India

Dear Romano:

Thank you for your Letter No. 301 of November 11, This was interesting and useful and we would of course always be pleased to hear anything further that you may come across on the subject.

You will have seen my memorandum to Files of October 25 which outlined the views of some of the Consortium countries. I think on the whole where we received comments from country representatives they were more or less in line with what you have reported. What you say about the concern of the Dutch Government is not surprising - no doubt the electronic industry is chiefly engaged in replacing defense supplies. Did you really mean, by the way, in your last paragraph that the Dutch believe that the aid program will get moving rather soon?

As I have said above, we are always glad to have any information you can gather on these topics.

Yours sincerely,



Alexander Stevenson
Director
South Asia Department


SNMcIvor:ptv

Cleared with and cc: Mr. Pollan

OFFICE MEMORANDUM

TO: Mr. Hans Pollan

DATE: November 15, 1965

FROM: K. S. Sundara Rajan

SUBJECT: INDIA - Quarterly Report on the Utilization of Consortium Aid

I forward herewith a statement showing the value of orders placed and amount disbursed under various Consortium Aid agreements as of September 30, 1965.

K. S. Sundara Rajan
11/16/65

SUMMARY OF THIRD PLAN AID TO INDIA
PLEDGES, AGREEMENTS SIGNED, ORDERS PLACED AND AMOUNTS
DISBURSED, BY CONSORTIUM MEMBERS, AS OF SEPTEMBER 30,
1965.

MEMBER	(US \$ Million)			
	Pledges	Amount for which agree- ments have been signed.	Value of orders placed.	Amount disbursed
Total, all pledges 1961-62/ 1965-66.	<u>5472.0</u>	<u>4331.5</u>	<u>3528.9</u>	<u>2489.3</u>
1. Austria	18.0	13.9	12.1	8.3
2. Belgium	24.0	24.0	14.8	7.6
3. Canada	173.5	108.1	86.7	71.5
4. France	120.0	100.0	71.7	28.5
5. Germany	644.5	581.8	522.1	383.8
6. Italy	170.0	170.8	57.3	24.2
7. Japan	290.0	290.0	233.5	136.3
8. Netherlands.	44.0	33.0	33.0	10.8
9. United Kingdom.	518.0	448.0	425.9	294.5
10. United States	<u>2285.0</u>	<u>1667.4</u>	<u>1487.9</u>	<u>1074.8</u>
DLF/AID	NA	1478.7	1328.9	978.5
EXIM	NA	188.7	159.0	96.3
11. IBRD & IDA	<u>1185.0</u>	<u>894.5</u>	<u>583.9</u>	<u>449.0</u>
IBRD	515.0	309.5	147.0	111.1
IDA	670.0	585.0	436.9	337.9
Subtotal, 1961/63 pledges.	<u>2365.0</u>	<u>2313.3</u>	<u>2171.7</u>	<u>1812.8</u>
1. Austria	5.0	5.0	5.0	4.7
2. Belgium	10.0	10.0	10.0	7.3
3. Canada	61.0	58.8	58.1	51.6
4. France	60.0	60.0	43.6	28.5
5. Germany	364.0	363.9	359.7	311.1
6. Italy	53.0	53.8	38.9	24.2
7. Japan	105.0	105.0	105.0	100.3
8. Netherlands.	11.0	11.0	11.0	7.2
9. United Kingdom.	266.0	266.0	259.0	186.8
10. United States	<u>980.0</u>	<u>954.3</u>	<u>904.0</u>	<u>819.4</u>
DLF/Aid	857.4	857.7	809.3	735.1
EXIM	122.6	96.6	94.7	84.3
11. IBRD & IDA	<u>450.0</u>	<u>425.5</u>	<u>377.4</u>	<u>271.7</u>
IBRD	200.0	175.5	144.1	109.1
IDA	250.0	250.0	233.3	162.6

(Continued.....)

NUMBER	Pledges	Amount for which agree- ments have been signed.	Value of orders placed.	Amount dis- bursed.
Subtotal, 1963/64 pledges.	<u>1052.0</u>	<u>1016.5</u>	<u>790.6</u>	<u>467.0</u>
1. Austria.	7.0	7.0	6.2	2.7
2. Belgium.	10.0	10.0	4.8	0.3
3. Canada.	30.5	23.5	15.8	10.4
4. France	20.0	20.0	20.0	-
5. Germany	99.5	99.5	83.5	34.4
6. Italy	45.0	45.0	18.4	-
7. Japan	65.0	65.0	61.7	30.4
8. Netherlands.	11.0	11.0	11.0	3.6
9. United Kingdom.	84.0	84.0	81.2	53.1
10. United States	<u>435.0</u>	<u>377.5</u>	<u>347.5</u>	<u>214.0</u>
DLF/AID	NA	320.2	308.9	206.9
EXIM	NA	57.3	38.6	7.1
11. IBRD & IDA	<u>245.0</u>	<u>274.0</u>	<u>140.5</u>	<u>118.1</u>
IBRD	105.0	134.0	2.9	2.0
IDA	140.0	140.0	137.6	116.1
Subtotal, 1964/65 pledges	<u>1028.0</u>	<u>754.5</u>	<u>507.4</u>	<u>178.9</u>
1. Austria	1.0 <u>a/</u>	0.9	0.9	0.9
2. Belgium	-	-	-	-
3. Canada	41.0	17.0	8.8	8.7
4. France	20.0	20.0	8.1	-
5. Germany	95.0	95.0	55.5	22.5
6. Italy	36.0	36.0	-	-
7. Japan	60.0	60.0	49.0	5.6
8. Netherlands.	11.0	11.0	11.0	-
9. United Kingdom.	84.0	84.0	71.7	40.6
10. United States	<u>435.0</u>	<u>335.6</u>	<u>236.4</u>	<u>41.4</u>
DLF/AID	NA	300.8	210.7	36.5
EXIM	NA	34.8	25.7	4.9
11. IBRD & IDA	<u>245.0</u>	<u>95.0</u>	<u>66.0</u>	<u>59.2</u>
IBRD	105.0	-	-	-
IDA	140.0	95.0	66.0	59.2

(Continued.....)

MEMBERS	Pledges	Amount for which agree-ments have been signed.	Value of orders placed.	Amount disbursed.
Subtotal 1965/66 pledges	<u>1027.0</u>	<u>247.2</u>	<u>59.2</u>	<u>30.6</u>
1. Austria	5.0	1.0	-	-
2. Belgium	4.0	4.0	-	-
3. Canada.	41.0	8.8	4.0	0.8
4. France	20.0	-	-	-
5. Germany	86.0	23.4	23.4	15.8
6. Italy	36.0	36.0	-	-
7. Japan	60.0	60.0	17.8	-
8. Netherlands.	11.0	-	-	-
9. United Kingdom.	84.0	14.0	14.0	14.0
10. United States.	<u>435.0</u>	<u>-</u>	<u>-</u>	<u>-</u>
DLF/AID	NA	-	-	-
EXIM	NA	-	-	-
11. IBRD & IDA	<u>245.0</u>	<u>100.0</u>	<u>-</u>	<u>-</u>
IBRD	105.0	-	-	-
IDA	140.0	100.0	-	-

a/ The pledge is for \$ 0.85 million. \$ 1 million is shown as rounded figure, since it is also being shown by IBRD in Consortium press releases.

Summary concluded

Source: Government of India

For details please see enclosed statement.

**DETAILS OF CONSORTIUM ASSISTANCE VALUE OF ORDERS
PLACED AND AMOUNTS DISBURSED UNDER VARIOUS AID
AGREEMENTS AS OF SEPTEMBER 30, 1965.**

Agreement.	(US \$ Million)		
	Amount of Agreement	Orders placed	Disburse-ment.
1	2	3	4
GRAND TOTAL:	4331.5	3528.9	2489.3
Sub-total 1961/63 pledges.	2313.3	2171.7	1812.8
<u>Austria</u> - sub-total	5.0	5.0	4.7
Credit for Capital Goods.	5.0	5.0	4.7
<u>Belgium</u> - Sub-total	10.0	10.0	7.3
Suppliers' Credits	10.0	10.0	7.3 a/
<u>Canada</u> - Sub-total	58.8	58.1	51.6
<u>Loans</u> - Sub-total	23.4	22.9	18.1
Rana Pratap Sagar Hydro-electric Project.	7.4	7.1	6.3
Indian Aluminium Co. Expansion (I Loan)	0.9	0.9	0.9
Diesel Locos for Indian Railways.	7.1	7.1	7.1
Binani Zino Smelter.	1.5	1.5	0.8
Indian Aluminium Co. Expansion (II Loan)	0.8	0.6	0.4
Wind Tunnel Project.	3.9	3.9	2.4
Amco furnace for Durgapur Alloy Steel Project.	1.8	1.8	0.3
<u>Grants</u> - Sub-total	35.4	35.2	33.5
<u>France</u> - Sub-total	60.0	43.6	28.5
First Credit for Third Plan.	30.0)	43.6	28.5 b/
Second Credit for Third Plan.	20.0)		
I.F.C. Credit.	10.0	-	-
<u>Germany</u> - Sub-total	363.9	359.7	311.1
Credits DM 230, DM 100 and DM 170) Million in 1961 Plus DM 85 and) DM 100 million in 1962)	171.3	171.3	171.3
DM 56 m. Credit for Rourkela Services.	14.0	14.0	8.2
DM 107 m. Credit for Projects.	26.8	26.8	26.8
DM 75 m. Credit for Commodities.	18.8	18.8	18.7
DM 20 m. for I.C.I.C.I.	5.0	4.3	3.8
DM 25 m. for I.F.C.	6.2	3.1	1.9
DM 5 m. for N.S.I.C.	1.3	0.9	Negligible.
DM 82 m. credit for infrastructure Projects.	20.5	20.5	20.5
DM 400 m. Credit for Rourkela Expansion.	100.0	100.0	59.9

(Continued.....)

1	2	3	4
Italy - Sub-total.	<u>53.8</u>	<u>38.9</u>	<u>24.2</u>
ENI Credit for Petroleum Projects.	45.0	30.9	16.7
Montecatini Credit for Madras Aluminium.	8.8	8.0	7.5
Japan - Sub-total.	<u>105.0</u>	<u>105.0</u>	<u>100.3</u>
34.2 billion yen Credit for Capital goods.	95.0	95.0	<u>90.3</u>
Suppliers' Credit for Textile Machinery.	10.0	10.0	10.0
Netherlands - Sub-total.	<u>11.0</u>	<u>11.0</u>	<u>7.2</u>
General Purpose Credit	7.2	7.2	7.2
Financial (Export) Credit.	3.8	3.8	-
United Kingdom - Sub-total.	<u>266.0</u>	<u>259.0</u>	<u>186.8</u>
UK-India (General Credits 1961 (I+II 1st & 2nd)	42.0	42.0	42.0
UK-India (FYP) Credit, 1961.	84.0	84.0	74.8
1st UK-India (General) Credit, 1962.	28.0	28.0	16.9
UK-India (Durgapur Expansion) Credit 1962	61.6	61.6	29.1
UK-India (FYP) Credit, 1962.	36.4	29.4	10.0
2nd UK-India (General) Credit 1962.	14.0	14.0	14.0
United States - Sub-total.	<u>954.3</u>	<u>904.0</u>	<u>819.4</u>
Exim Bank - Sub-total.	<u>96.6</u>	<u>94.7</u>	<u>84.3</u>
① Air India - I	4.1	4.1	4.1
④ Orient Paper Mills.	18.5	18.5	18.0
② Air India - II	8.1	8.1	8.1
⑥ East India Hotels.	0.7	0.5	0.5
③ Exim Credit - III for Capital goods.	25.0	25.0	24.7
⑤ Union Carbide.	7.6	6.6	5.8
⑦ Diesel Locomotive Works - I.	19.0	19.0	16.2
⑧ Hindustan Aluminium - II.	5.0	5.0	4.4
⑨ Bharat Forge	3.9	3.2	2.5
⑩ Indian Rayon Corporation.	4.7	4.7	-
DLF/AID Sub-total.	<u>857.7</u>	<u>809.3</u>	<u>735.1</u>
⑦ ICICI	5.0	2.6	2.4
② NSIC	10.0	9.8	8.7
④ Talcher Power.	33.0	31.3	19.1
⑥ Sharavati Power - II	18.4	15.3	11.4
⑤ Birasinghpur Power	8.4	8.4	4.6
③ Premier Automobiles - I.	7.2	7.2	7.0

(Continued)

	1	2	3	4
(7) Non-ferrous Metals.		20.0	20.0	20.0
(10) Bandel Power		38.0	37.4	32.2
(8) Cambay Power.		33.6	33.0	31.6
(9) Non-Project Loan - I.		200.0	200.0	199.5
(11) Patherdih Coal Washery.		4.2	4.2	3.6
(13) Fourth Railway Loan.		43.0	43.0	42.6
(12) Pamba - Kakki Power		20.2	16.4	15.7
(14) I.F.C. - II		20.0	4.4	3.1
(15) Premier Automobiles - II.		3.0	3.0	2.9
(16) Trombay Power		17.9	16.6	16.0
(17) D.C.M. Rayon Tire Cord.		9.8	7.6	7.6
(20) Nepco Bavel Gear		2.3	2.3	2.3
(18) TELCO - I		13.7	13.4	13.0
(19) Hindustan Motors.		15.8	15.6	12.0
(23) Non-Project Loan - II		240.0	240.0	240.0
(21) Delhi Thermal Power.		16.0	12.0	4.5
(22) Satpura Thermal Power.		25.1	18.1	9.1
(24) Ramagunddam Power.		8.4	5.4	1.3
(25) Chandrapura Thermal Power - II		16.0	13.8	3.6
(26) Railways - V.		15.9	15.9	12.5
(27) Central Ropeways.		7.7	7.5	4.6
(28) Dugda Coal Washery.		5.1	5.1	4.2
<u>World Bank - Sub-total.</u>		<u>175.5</u>	<u>144.1</u>	<u>109.1</u>
(3) Private Sector Coal		35.0	33.6	23.6
(2) Calcutta Port - II.		21.0	20.0	6.8
(1) Railway - VI		50.0	50.0	50.0
(4) IISCO - III		19.5	7.2	3.4
(5) ICICI - IV		20.0	18.3	14.2
(6) ICICI - V		30.0	15.0	11.1
<u>IDA - Sub-total.</u>		<u>250.0</u>	<u>233.3</u>	<u>162.6</u>
1 Roads.		60.0	60.0 c/	49.5
2 U.P. Tubewells.		6.0	6.0 c/	6.0
3 Shetrunji Irrigation.		4.5	4.5 c/	2.9

(Continued

(Continued

1	2	3	4
4 Salandi Irrigation.	8.0	5.3 c/	1.5
5 Punjab Drainage.	10.0	10.0 c/	9.1
6 D.V.C. - IV	18.5	18.5	9.6
7 Sone Irrigation.	15.0	14.0 c/	9.8
8 Purna Irrigation.	13.0	12.5 c/	8.7
9 Koyna - II	17.5	12.5 c/	7.2
10 Bombay Port.	18.0	11.1	3.0
11 Telecommunications -I	42.0	42.0	29.6
12 Railways - VII	17.5	17.5	17.5
13 Kothagundam Power.	20.0	19.4 c/	8.2
<u>Sub-total 1963/64 pledges.</u>	<u>1016.5</u>	<u>790.6</u>	<u>467.0</u>
Austria, Sub-total.	<u>7.0</u>	<u>6.2</u>	<u>2.7</u>
Credit for Capital goods.	7.0	6.2	2.7
<u>Belgium - Sub-total.</u>	<u>10.0</u>	<u>4.8</u>	<u>2.3</u>
Suppliers' Credit.	10.0	4.8	0.3
<u>Canada. - Sub-total.</u>	<u>23.5</u>	<u>15.8</u>	<u>10.4</u>
<u>Loans.</u>			
Kotah Hydro Electric Project.	7.4	4.2	0.4
<u>Grants.</u>	16.1	11.6	10.0
<u>France - Sub-total.</u>	<u>20.0</u>	<u>20.0</u>	<u>-</u>
Third Credit for Third Plan.	20.0	20.0	-
<u>Germany - Sub-total.</u>	<u>99.5</u>	<u>83.5</u>	<u>34.4</u>
DM 61.4 m. credit for Rourkela Refinancing.	15.4	15.4 d/	15.4
DM 40 m. for commodities.	10.0	10.0	5.9
DM 40 m. for selected continuing Projects - I.	10.0	8.6	0.5
DM 60 m. for Alloy Steel Plant.	15.0	10.4	1.1
DM 14 m. for Rourkela Expansion.	3.5 g/	3.5	0.9
DM 23.5 m. for commodities.	5.9 g/	-	-
DM 28.1 m. for downpayment for ships.	7.0	6.3	6.3
DM 10 m. for I.C.I.C.I.	2.5	0.3	-
DM 5 m. for N.S.I.C.	1.2	-	-
DM 116 m. Suppliers' Credit for Purchase of ships.	29.0	29.0	4.3

(Continued)

1.	2.	3.	4.
<u>Italy, Sub-total</u>	<u>45.0</u>	<u>18.4</u>	<u>-</u>
Suppliers' Credit	45.0	18.4 ^h	-
<u>Japan, Sub-total</u>	<u>65.0</u>	<u>61.7</u>	<u>30.4</u>
Third Yen Credit (23.4 billion)	65.0	61.7	30.4
<u>Netherlands, Sub-total</u>	<u>11.0</u>	<u>11.0</u>	<u>3.6</u>
General Purpose Credit	7.2	7.2	3.6
Financial(Export) Credit.	3.8	3.8	-
<u>United Kingdom, Sub-total</u>	<u>84.0</u>	<u>81.2</u>	<u>53.1</u>
Steel, 1963	9.8	9.8	8.2
General, 1963	28.0	28.0	28.0
Kipping Loan, 1963	11.2	11.2	0.2
General, 1964	14.0	14.0	14.0
Bhopal, 1964	7.0	7.0	1.3
First UK-India(Five Year Plan)	14.0	11.2	1.4
<u>United States Sub-Total</u>	<u>377.5</u>	<u>347.5</u>	<u>214.0</u>
<u>Exim Bank, Sub-total</u>	<u>57.3</u>	<u>38.6</u>	<u>7.1</u>
Coromandel Fertilizers.	27.0	17.6	3.4
Exim Credit-IV	25.0	18.9	3.3
Mysore Acetate & Chemicals.	2.1	2.1	0.4
Chemicals & Plastics.	3.2	-	-
<u>AID: Sub-total</u>	<u>320.2</u>	<u>308.9</u>	<u>206.9</u>
Tarapore Atomic Power	80.0	75.8	18.6
Non-Project Loan-III	225.0	225.0	182.7
Trombay Fertilizer (II)	7.8	6.9	5.6
National Engineering Industries.	4.3	-	-
Sharavati Hydro-Electric Project-III.	3.1	1.2	-
<u>I.B.R.D.-Sub-total</u>	<u>134.0</u> ^g	<u>2.9</u>	<u>2.0</u>
Power Transmission Schemes	70.0	-	-
Kothagudam Power	14.0	2.0	2.0
I.C.I.C.I.-VI	50.0	0.9	-
<u>I.D.A.- Sub-total</u>	<u>140.0</u>	<u>137.6</u>	<u>116.1</u>
Railways- VII	50.0	50.0	50.0
Industrial Imports - I	90.0	87.6	66.1

(Contd.....)

1.	2.	3.	4.
<u>Sub-total 1964/65 pledges</u>	<u>754.5</u>	<u>507.4</u>	<u>178.9</u>
<u>Austria, sub-total</u>	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>
For capital goods and commodities	0.9	0.9	0.9
<u>Canada, Sub-total</u>	<u>17.0</u>	<u>8.8</u>	<u>3.7</u>
<u>Loans</u>			
Candu Atomic Power Project	0.6 b/	0.6	0.6
<u>Grants</u>	<u>16.4</u>	<u>8.2</u>	<u>8.1</u>
<u>France, Sub-total</u>	<u>20.0</u>	<u>8.1</u>	<u>-</u>
Fourth Credit for Third Plan.	20.0	8.1	-
<u>Germany, Sub-total</u>	<u>95.0</u>	<u>55.5</u>	<u>22.5</u>
DM 90 m. for Rourkela repayments.	22.5	22.5 d/	22.5
DM 55 m. for commodities	13.8	2.0	-
DM 40 m. for financing continuing projects-II	10.0 e/	10.0	-
DM 10 m. for Neyveli Mining Scheme	2.5	2.5	-
DM 6.4 m. for Sawang Coal Washery	1.6	1.6	-
DM 13 m. for MISL Electric Arc Furnace	3.3 g/	-	-
DM 30.6 m. for other projects	7.6 h/	0.8	-
DM 15 m. for I.F.C.	3.8	0.3	-
DM 5 m. for I.C.I.C.I.	1.2	-	-
DM 5 m. for NIIC	1.2 g/	-	-
DM 82 m. Suppliers' credit for ships.	20.5	15.4	-
DM 28 m. Suppliers' Credit for items other than ships.	7.0	0.4	-
<u>Italy, sub-total</u>	<u>36.0</u>	<u>-</u>	<u>-</u>
Suppliers Credit	36.0	-	-
<u>Japan, Sub-total</u>	<u>60.0</u>	<u>49.0</u>	<u>5.6</u>
Fourth Yen Credit (21.6 billion)	60.0	49.0	5.6
<u>Netherlands, sub-total</u>	<u>11.0</u>	<u>11.0</u>	<u>-</u>
General purpose Credit	7.2	7.2	-
Financial (Export) Credit	3.8	3.8	-
<u>United Kingdom, Sub-total</u>	<u>84.0</u>	<u>71.7</u>	<u>40.6</u>
Second UK-India (General) Credit, 1964	28.0	28.0	28.0
Second UK-India (Five Year Plan) Credit, 1964	4.2	2.1	-
Third U.K-India (Five Year Plan) Credit, 1964.	4.3	1.1	-

(Continued.....)

1.	2.	3.	4.
Fourth UK-India (Five Year Plan) Credit, 1964	2.8	0.7	..
Fifth UK-India (Five Year Plan) Credit 1964	3.5	3.0	..
Sixth UK-India (Five Year Plan) Credit 1964	9.0	9.0	..
Second UK-India (Bhopal) Credit, 1964	5.6	4.8	..
Third UK-India (General) Credit, 1964	11.2	7.6	..
First UK-India (General) Credit, 1965	14.0	14.0	12.6
UK-India (Five Year Plan) Credit, 1965	1.4	1.4	..
<u>United States, Sub-total</u>	<u>335.6</u>	<u>236.4</u>	<u>41.4</u>
<u>Exim Bank, Sub-total</u>	<u>34.8</u>	<u>25.7</u>	<u>4.9</u>
Diesel Locomotive Works II	17.0	17.0	2.4
Hindustan Aluminium III	11.0	8.7	2.5
General Pulp Mills	6.8	-	..
<u>D.L.F./A.I.D. Sub-total</u>	<u>300.8</u>	<u>210.7</u>	<u>36.5</u>
Commodity Assistance Programme 1964/65 (I Tranche)	50.0	50.0	29.3
Railways VI	7.2	7.2	3.2
Telco - II	11.8	6.5	1.0
Consultancy Services.	2.0	-	..
I.F.C.-III	10.0	-	..
Hindustan Motors (Trucks)	23.0	-	..
Hindustan Motors (Shovels)	3.0	-	..
Commodity Assistance Programme 1964/65 (II Tranche)	<u>190.0</u>	<u>147.0</u>	<u>3.0</u>
Railways -VII	3.8	-	..
<u>I.D.A. Sub-total</u>	<u>95.0</u>	<u>66.0</u>	<u>59.2</u>
Telecommunications - II	33.0	14.0	13.3
Railways - VIII	62.0	52.0	45.9
<u>Sub-total 1965/66 pledges</u>	<u>247.2</u>	<u>59.2</u>	<u>30.6</u>
<u>Austria - Sub-total</u>	<u>1.0</u>	<u>-</u>	<u>..</u>
Suppliers' Credit	1.0	-	..
<u>Belgium, Sub-total</u>	<u>4.0</u>	<u>-</u>	<u>..</u>
Suppliers' Credit	4.0	-	..
<u>Canada -Sub-total</u>	<u>8.8</u>	<u>4.0</u>	<u>0.8</u>
<u>Loans</u>			
Candu Atomic Power Project	0.8 ^{h/}	0.8	0.8
<u>Grants</u>	8.0	3.2	-

(Contd.....)

	1.	2.	3.	4.
France, Subtotal	-	-	-	-
Germany, Sub-total	23.4	23.4	15.8	
DM 93.6 m. for Rourkela repayments.	23.4	23.4 d/	15.8	
Italy, Sub-total	36.0	-	-	
Suppliers' Credit	36.0	-	-	
Japan, Sub-total	60.0	17.8	-	
Fifth Yen Credit (21.6 billion)	60.0	17.8	-	
Netherlands -Sub-total	-	-	-	
United Kingdom Subtotal	14.0	14.0	14.0	
Second UK-India (General) Credit, 1965	14.0	14.0	14.0	
United States, Sub-total	-	-	-	
I.B.R.D. Sub-total	-	-	-	
I.D.A. Sub-total	100.0	-	-	
Industrial Imports-II	100.0	-	-	

a/ Estimated.

b/ Combined for all the four French Credits for Third Plan.

c/ Including that portion of the value of contracts awarded locally which is reimbursable from IDA on a percentage basis.

d/ Notional

g e/ This exceeds the pledges for 1963-64 and absorbs the balance out of pledges for 1961-63.

h f/ The total amount of the project is \$ 34.2 million but an amount of \$ 0.6 million will be adjusted against Canadian pledges for 1964-65. and \$ 0.8 million against Canadian pledges for 1965/66 upto 30-9-1965. According to the terms of the agreement the amount disbursed during a year will be adjusted against consortium pledges for that year.

e/ Final Loan: agreement with Kreditanstalt not yet signed.

f h/ Against suppliers' Credits for 1963-64, 1964-65 and 1965-66

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

*Do you wish to keep
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Consortium -

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LOK SABHA DEBATES

1261

LOK SABHA

Thursday, November 11, 1965/Kartika
20, 1887 (Saka)

*The Lok Sabha met at Eleven of the
Clock.*

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Industrial Finance Corporation

+

*150. **Shri D. C. Sharma:**
Dr. L. M. Singhvi:
Shri P. R. Chakraverti:
Shri K. N. Tiwary:
Shri Yashpal Singh:
Shri Kapur Singh:

Will the Minister of Finance be pleased to state:

(a) whether the Industrial Finance Corporation has redefined its loan policy, particularly in the context of the defence requirements; and

(b) whether Government propose to lay a statement on the Table outlining the salient features of the revised policy?

The Minister of Planning (Shri B. R. Bhagat): (a) and (b). A statement is laid on the Table of the House. [Placed in Library. See No. LT-5122/65].

Shri D. C. Sharma: What are the reasons that have prompted the Industrial Finance Corporation not to undertake this kind of work which it was supposed to do?

Shri B. R. Bhagat: I think, they are doing what they have been intended by Parliament to do.

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Shri D. C. Sharma: May I know whether any loans will be forthcoming from the Industrial Finance Corporation in order to meet our defence requirements? That is what I wanted to know.

Shri B. R. Bhagat: That is given the first priority. I think, the hon. Member does not seem to have the statement.

Shri D. C. Sharma: I have had the statement and I have read it.

Shri P. R. Chakraverti: In the context of the assistance that has been given by this Corporation only to three States to the extent of more than 50 per cent, may I know whether Government will advise them to take to the development of the less-developed States as for example Bihar?

Shri B. R. Bhagat: This point has been raised in Parliament in several discussions including the discussion on the IFC's Annual Report, and the IFC Board is aware of this. They go by the scheme that they have before them, the profitability of it and the contribution it is going to make; but they bear in mind also the State-wise distribution.

श्री क० ना० तिवारी : स्टेटमेंट के नम्बर 2 में दिया गया है कि एग्रीकल्चर के लिये भी प्रायोरिटी दी जायेगी तो मैं यह जानना चाहता हूँ कि पावर टिलर्स, ट्रैक्टरों और पम्पिंग सेट्स वगैरह के लिए जो कि एग्रीकल्चर में मोस्ट इम्पोर्टेंट हैं कितनी कितनी फंडवरीज खोली गयी हैं और उस के लिए कितना रुपया रखा गया है ?

श्री ब० रा० भगत : इस की सूचना मेरे पास नहीं है ।

श्री यशपाल सिंह : सरकार ने कभी इस बात पर गौर किया है कि यह वित्त निगम जो शहरों में कायम होता है उस से किसानों को फायदा नहीं पहुंच सकता है जब तक कि किसानों के लिए देहात में यह निगम कायम न हों और तब तक वह फायदा नहीं उठा सकते हैं तो सरकार इस मामले में क्या कार्यवाही कर रही है ?

श्री ब० रा० भगत : देहात में भी अगर कोई फैक्टरी बनेगी तो वह शहर बन जाता है।

Shri Kapur Singh: Are Government aware that the setting up of the ancillary units of HMT at Pinjore has been held up for the last year and a half owing to non-availability of a paltry loan of Rs. 50 lakhs by this Corporation; if so, what do the Government propose to do in this matter?

Shri B. R. Bhagat: I shall look into this specific matter; I have not got that information with me just now.

Shri Basappa: May I know the total amount of loan applications pending now and the resources available with the Corporation?

Shri B. R. Bhagat: The financial assistance sanctioned by the Corporation so far is Rs. 226 crores—Rs. 156 crores have been disbursed and outstanding is Rs. 117 crores. Recently, on a request of the IFC we have provided them with another Rs. 10 crores for their operations.

Mr. Speaker: He had asked about the number of applications pending.

श्री सधु लिये : पंजाब में 20,000 से छोटी बड़ी औद्योगिक यूनिट नष्ट हो गयी हैं और दूसरे सीमावर्ती इलाकों में भी ऐसा हुआ है तो क्या विशेष सुविधाओं की जो चर्चा इंडस्ट्रियल फाइनेंस कारपोरेशन करती उस में

इन यूनिटों का और उन की आवश्यकताओं का भी ख्याल किया जाएगा ?

श्री ब० रा० भगत : जिन के पास वहां यह स्कीमें आयेंगी उन का ध्यान रखेंगे मगर उन के पास रिसोर्सेज की भी अब कमी हो गयी है ।

Shrimati Savitri Nigam: May I know what has been the impact felt by these new lines of priority and what is the percentage of the accumulated applications which have been disposed of on the basis of the new lines of priority?

Shri B. R. Bhagat: The new lines have been particularly defence-oriented and the emphasis has been laid on them only recently and it would take some time to see the impact of that.

Shri P. Venkatasubbaiah: May I know whether Government propose to give a directive to the Industrial Finance Corporation to provide adequate financial assistance to some of the joint stock companies through which the Government wanted to hand over land to the people for increasing food production?

Shri B. R. Bhagat: No, Sir.

श्री तुलशीदास जाधव : नम्बर दो स्टेटमेंट में एग्रीकल्चर के लिये सीमेंट देने के लिए भी कहा है लेकिन आज कल यह सीमेंट का कंट्रोल निकालने से सीमेंट नहीं मिलेगा इस धंधे के लिए तो सरकार क्या करेगी ?

श्री ब० रा० भगत : जब सीमेंट का कंट्रोल हटाया गया तो इन सब बातों को सोचा गया था ।

श्री तुलशीदास जाधव : उस धंधे के लिए मिलेगा कैसे क्योंकि सीमेंट बाजार में तो मिलता नहीं ।

श्री ब० रा० भगत : अब मिलेगा ।

सक्सेसफुल बनाने के लिये क्या इन्तजाम किया जा रहा है ?

डा० सुशीला नायर : यह बात सही नहीं है कि फैमिली प्लानिंग की एक्सेप्टेंस या उस के प्रति रेसिस्टेंस का कुछ धर्म के साथ सम्बन्ध है, लेकिन यह बात सही है कि जितनी बैंकवर्ड कोई कम्युनिटी होती है, उतनी उस में ज्यादा रेसिस्टेंस होती है। कोशिश यह की जा रही है कि सब ग्रुप्स में उन के विश्वासपात्र लोगों को ले कर इस कार्य को उन तक पहुंचाया जाय।

अध्यक्ष महोदय : मैं ने स्वामी जी को जान-बूझ कर वक्त नहीं दिया है।

श्री रामेश्वरानन्द : अध्यक्ष महोदय, मेरे साथ यह व्यवहार क्यों ?

World Bank Loans

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- *153. **Shri Shree Narayan Das:**
Shri Basappa:
Dr. Ranen Sen:
Shri Dinen Bhattacharya:
Shri Yashpal Singh:
Shri Prakash Vir Shastri:
Shri Kapur Singh:
Shri Kajrolkar:
Shri Jashwant Mehta:

Will the Minister of Finance be pleased to state:

(a) whether the situation arising out of the present Indo-Pakistan conflict has had any adverse effect on the loans, credits and other commitments of the World Bank and its two affiliates made to India for her economic development; and

(b) if so, the nature and extent to which these have been affected?

The Minister of Planning (Shri B. R. Bhagat): (a) No, Sir.

(b) Does not arise.

Shri Shree Narayan Das: May I know whether, besides the past commitments made by these bodies to India, the Government of India has

made an approach for fresh loans and credit, and if so, the reaction and response of these bodies?

Shri B. R. Bhagat: This year's pledge amounts to 105 million dollars for the Bank and 140 million dollars for the IDA.

Shri Shree Narayan Das: I wanted to know whether, besides past commitments, the Government of India had made a fresh approach for fresh loans and credit, and if so, the reaction of these bodies.

Shri B. R. Bhagat: I said about this year. It is the latest.

Shri Shree Narayan Das: May I know whether, in view of the fact that the UK and USA have suspended economic aid to India, the Government of India is going to make fresh proposals to these bodies to give the assistance necessary for the continuance of our projects?

Shri B. R. Bhagat: The Bank and the IDA officials have announced that they continue to make disbursements on the existing loans and they are also processing the pending applications in the normal manner.

Shri Basappa: May I know whether the bank has been helpful in getting our consortium aid and, if so, what is the nature of that aid and whether we have got on the directorate of the world bank any representative and, if so, what is the role of that person there?

Shri B. R. Bhagat: For the third plan period they had been able to provide substantial aid; the bank's own commitment for the third plan runs into a figure of 1185 million dollars. We are fully represented on the bank; we are one of the founder members of the bank; the Finance Minister is there on the board of governors; and we have an executive director who is permanently there.

Dr. Ranen Sen: Is it a fact that the government has not been able to draw its 100 million dollars from the

Dr. Sushila Nayar: It is true that women are more anxious to have the advice and follow the family planning methods than men are.

Mr. Speaker: Here too they are more anxious to ask questions.

Dr. Sushila Nayar: Under the re-organized scheme, it is proposed to have some male workers along with female workers.

Shrimati Akkamma Devi: In the rural areas a large number of people with a large number of children are appointed as family planning workers and they are facing a volley of questions from the rural population. May I know whether the Government of India is aware of this and whether any action has been taken in this respect?

Dr. Sushila Nayar: Gerally we prefer to have family planning workers with small families, but in some cases we do take workers with larger families also, because from their personal experience they can tell the people how harmful it is to have a large family.

श्री विश्राम प्रसाद : कुछ बड़े अफसरों और मोटे मोटे सेठों को छोड़ कर अक्सर लोगों और गरीबों के ज्यादा बच्चे होते हैं ।

एक माननीय सदस्य : खास कर आप के ।

श्री विश्राम प्रसाद : उस का कारण यह है कि गरीबों के रिक्रीएशन के लिए सरकार ने कोई व्यवस्था नहीं की है । मैं यह जानना चाहता हूँ कि क्या सरकार ने उस पर विचार किया है और यह जानने की कोशिश की है कि क्यों बच्चे ज्यादा होते हैं और वे कैसे रोके जा सकते हैं ।

डा० सुशीला नायर: यह बात सही है कि गरीब और अशिक्षित परिवारों में कुटुम्ब ज्यादा बड़ा होता है, बच्चे ज्यादा होते हैं । इसलिये फैमिली प्लानिंग को सफल बनाने

के लिए तालीम की तरफ भी खास तवज्जह देने की आवश्यकता है और हम लोग उस पर जोर दे रहे हैं ।

Shri Kapur Singh: He enquired recreation facilities, and the hon. Minister is replying about education.

Dr. Sushila Nayar: May I submit for the hon. Member's information that some surveys which were carried out have disclosed that the size of the family was directly proportionate to the level of education particularly of the women?

श्री हुकम चन्द कछवाय : क्या यह सही है कि इस परिवार-नियोजन के कार्यक्रम में बहुसंख्यक लोग ही ज्यादा भाग लेते हैं और अल्पसंख्यक लोग कम भाग लेते हैं, अर्थात् मुसलमान लोग इस कार्यक्रम में बिल्कुल हिस्सा नहीं लेते हैं और हिन्दुओं पर ही परिवार-नियोजन ज्यादा लागू किया जाता है ?

अध्यक्ष महोदय : वे तो सब को कहते हैं । जो चाहे इस को स्वीकार कर ले । अगर आप नहीं लेना चाहते हैं, तो वे आप को मजबूर तो नहीं करते हैं ।

श्री शिव नारायण : मेरा प्रश्न श्री यशपाल सिंह के प्रश्न से संबन्धित है । हमारा देश एक धार्मिक मनोवृत्ति का देश रहा है । मैं यह जानना चाहता हूँ कि सरकार जितना रुपया फैमिली प्लानिंग पर खर्च कर रही है, उतना रुपया वह ब्रह्मचर्य-पालन और अच्छी शिक्षा पर क्यों नहीं खर्च करती है ।

Shri D. C. Sharma: He has got eight children.

अध्यक्ष महोदय : श्री डी० सी० शर्मा को उस पर ऐतराज है ।

श्री रघुनाथ सिंह : क्या यह सच है कि मोहम्मदन एरिया में, मुस्लिम पापुलेशन में, फैमिली प्लानिंग सबसेसफुल नहीं हो रहा है; यदि हां, तो मोहम्मदन एरिया में इस को

(2)

IDA which is an affiliate of the world bank because of the fact that the US government did not agree to give the matching grant of 39 million dollars which is one of the terms of credit of the world bank and, if so, what is the reaction of the government in this regard?

Shri B. R. Bhagat: I am not particularly aware of this grant but it is true that sometimes, because the matching grant provided by the US government was not forthcoming, it landed us in difficulty in utilising the other grant because the project as a whole has to be viewed and arrangements made.

श्री यशपाल सिंह : जो वादे आप से किये गये थे क्या उन वादों को विश्व बैंक ने पूरा किया है ? क्या सरकार के ध्यान में यह भी बात आई है कि इच्छोगिल नहर से एक बीघा जमीन को भी पानी नहीं मिलता है और वह सिर्फ हिन्दुस्तान का मुकाबला करने के लिए बनाई गई है ? क्या विश्व बैंक ने इस मामले में कोई दखल दिया है ?

अध्यक्ष महोदय : इच्छोगिल नहर के बारे में तो कल हो लिया है ।

श्री ब० रा० भगत : बैंक ने जो भी कर्ज दिये हैं या वादे किये, उनको उसने पूरा किया है । उन्होंने घोषणा भी की है कि हम उनको पूरा करेंगे ।

Shri Kapur Singh: I would like to know whether any default or repudiation on our part of commitments to the world bank is likely to affect adversely the bank's credit facilities to us?

Shri B. R. Bhagat: We have not repudiated any.

Shri Kapur Singh: If we did, is it likely to affect us adversely?

Mr. Speaker: That question does not arise.

Shri Kajrolkar: How far are the world bank's decisions about credit

and loans taken independently of the Aid India consortium or how far are they influenced by the consortium?

Shri B. R. Bhagat: To the extent that they have organised the consortium and they are the convener, they influence the consortium measures; in return they may be influenced by the consortium.

Shrimati Savitri Nigam: Is it a fact that there is a general feeling among the representatives of the developing countries that the service charge rates and the rates of interest charged by the world bank are too high and, if so, what is the feeling of India? What is the profit earned by the world Bank this year?

Shri B. R. Bhagat: That is all there in the annual report. It is true that the representatives of the developing countries voiced this feeling every year and it is for this reason that the affiliate of the bank, the IDA, was created to provide what is known as softer loans, long-term loans at lower rate of interest. But the difficulty with the bank is that they borrow at certain rates of interest from the world money market and their lending rates are also determined by them.

Shrimati Savitri Nigam: The last part of my question has not been replied to. What has been the net profit of the world bank?

Mr. Speaker: He said that it is contained in the report.

Shri Shivaji Rao S. Deshmukh: May I know whether India's permanent director on the world bank has been directed to enquire whether the contribution of the United States and Commonwealth countries to India's development fund has been suspended as a result of an embargo due to Indo-Pak relations?

Shri B. R. Bhagat: That does not arise out of this question.

If the hon. Member wants to know, he may give notice.

Mr. Speaker: Yesterday, we had that discussion.

Shri Shivaji Rao S. Deshmukh: My question is whether the Government has given instructions to our permanent director to enquire whether the contribution by the USA and the Commonwealth countries to the Indus Development Fund stands suspended because of the result of the embargo on Indo-Pakistan trade?

Shri B. R. Bhagat: That is not the function of the Bank.

Shri Shivaji Rao S. Deshmukh: Will they make enquiries?

Mr. Speaker: Order, order. It was all answered yesterday.

Shri R. Ramanaathan Chettiar: In view of the fact that Japan, West Germany, Canada and the United States have held up our loans, and they being members of the Aid India Club under the auspices of the World Bank, what steps will Government take to bring to the notice of the World Bank that they are violating the principle of giving aid to India?

Shri B. R. Bhagat: They are not violating the principles of giving aid to India. They have not said that in so many words, so far as the countries other than the USA are concerned, that they are not giving. But so far as the USA is concerned, what they have said is that the future aid will be considered in consultation with the members of the Congress. That is the only thing they have said.

Shri R. Ramanaathan Chettiar: Japan and West Germany.

Shri B. R. Bhagat: They have not said that.

श्री रामेश्वरनाथः : पिछले बैंक से सहमत हो कर जो देश अपने विकास कार्य में लागता है तथा विश्व बैंक उसको देखता है कि वह क्या उशी कार्य में लागता है

सुधवा नही? यदि हाँ, तो क्या पॉक्स्तान ने विश्व बैंक से क्या ले कर जो इंडोनिश नहर का निर्माण किया, क्या विश्व बैंक ने यह देखा या नही कि उस नहर से सिवाई होली है या नही? अगर होली है तो क्या विश्व बैंक ने अभी महीने को इस के बारे में कुछ बताया है या अभी महीने में विश्व बैंक से इसके बारे में कोई जानकारी ली है?

श्री वं. रं. भातः : यह कर्जा विश्व बैंक से भारत को मिलने वाला है, न कि विश्व बैंक जो पॉक्स्तान को कर्जा देता है, वह है।

अध्यक्ष महोदयः : उनका पहला सवाल यह है कि विश्व बैंक क्या जिस देश को देता है, वह क्या यह भी देखता है या नही कि वह क्या उशी काम में लागता जाता है जिस काम के लिये दिया जाता है?

श्री वं. रं. भातः : देखता है। जहाँ तक भारत का सम्बन्ध है वह उन सब बातों को देखता है।

श्री रामेश्वरनाथः : पॉक्स्तान ने इंडोनिश नहर उस स्थान से बनाई है या नही इस के बारे में भी मीने...

अध्यक्ष महोदयः : इंडोनिश नहर कल हो चुकी है।

श्री रामेश्वरनाथः : इससे उसका सम्बन्ध है। जैसे हमारे यहाँ विकास होता है, उस कार्य को यदि वह देखता है तो...

अध्यक्ष महोदयः : आपने कहा जो लिया था।

श्री रामेश्वरनाथः : जैसे इस विकास कार्य के लिये उन से क्या लेते हैं और वह उस कार्य को देखता है। उशी तरह से क्या पॉक्स्तान ने इंडोनिश नहर का निर्माण किया ले कर जो किया है उसको भी वे देखते हैं या नही देखते हैं।

अध्यक्ष महोदय : कल जवाब हो चुका है ।

Shri P. Venkatasubbaiah: May I know whether the World Bank has been sounded regarding the financial assistance to be given for our fourth Plan projects and, if so, to what extent?

Shri B. R. Bhagat: Not yet, Sir.

Shri P. C. Borooah: May I know whether past experience has shown that there is an ideological bias in the World Bank against Government institutions or corporations and, if so, how far that situation has changed?

Shri B. R. Bhagat: It has not suffered. An undercurrent may be there, but so far it has not prevented them from giving aid to the projects.

Expenditure on Advertisements

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*154. **Shri P. C. Borooah:**
Shri Ram Sewak Yadav:
Shri Madhu Limaye:
Shri Bagri:
Shri Yashpal Singh:

Will the Minister of Finance be pleased to state:

(a) whether Government have finalised the rules for limiting tax free expenditure on advertisement, travel and guest houses; and

(b) if so, the salient features of these rules?

The Deputy Minister in the Ministry of Finance (Shri Rameshwar Sahu): (a) and (b). No, Sir. The draft rules relating to the allowance of expenditure on advertisements, travel and guest houses were published in the Gazette of India on 27th August, 1965, for eliciting public opinion. The last date for receiving comments on these rules was the 31st of October, 1965. These comments are being scrutinised.

A copy of the draft rules is laid on the Table of the House. [Placed in Library. See No. LT-5123/65].

Shri P. C. Borooah: May I know whether the contemplated restrictions on the free flow of advertisements to the different agencies are not an encroachment upon the fundamental rights provided for under article 19(g) of the Constitution and, if so, whether the Government contemplates to refer this matter to the Supreme Court for studying the constitutional validity of the measure?

The Minister of Planning (Shri B. R. Bhagat): No, Sir. It is not an encroachment on fundamental rights.

Shri P. C. Borooah: Will the Government consider giving relief to the assessee who sustain loss thereby, just as has been provided under the Gold Control Order, and who lose their business?

Shri B. R. Bhagat: No, Sir. We do not contemplate giving of any relief.

श्री सधु लिमये : पहला तो मेरा एक व्यवस्था का प्रश्न है । इन्होंने प्रश्नोत्तर के घंट के दस पंद्रह मिनट पहले यह हम को दिया है । अब आप देखें कि यह छोटे से टाइप में छः पन्ने हैं । आप ही अध्यक्ष महोदय बतायें कि ये छः पन्ने हम कब पढ़ेंगे और उसके ऊपर उपप्रश्न कब करेंगे ?

अध्यक्ष महोदय : व्यवस्था नहीं हो सकती है । स्टेटमेंट उन्होंने साथ दिया है । उसी वक्त मिल सकता है ।

श्री सधु लिमये : आप स्वयं देख लीजिये कि कितना भी बुद्धिमान आदमी हो उसको कितना समय पढ़ने में लग सकता है ।

अध्यक्ष महोदय : इस वक्त तो मैं यही कह सकता हूँ कि इसी तरह से होता है और स्टेटमेंट सवालियों के साथ ही मिलते हैं ।

श्री सधु लिमये : सवाल मेरा यह है कि जहाँ तक विज्ञापनों का सम्बन्ध है कई दवा

बनाने वाली कम्पनियां हैं वह बहुत गन्दी दवायें बनाती हैं और कहती हैं विज्ञापनों के द्वारा कि फलों फलों बीमारियों का यह इलाज है। तो क्या ऐसी दवाओं के विज्ञापनों पर रोक लगाई जायेगी, और अगर रोक लगाना सम्भव नहीं है वर्तमान कानून के अन्दर, तो क्या कम से कम उन के ऊपर जबर्दस्त टैक्स लगाया जायेगा।

अध्यक्ष महोदय : यह सवाल तो बिल्कुल अलाहदा है, मधु लिमये जी। यहां बात यह है कि जो कम्पनियां इश्तहारबाजी पर बहुत ज्यादा खर्च करती हैं उन पर क्या पाबन्दी लगाई जाये ताकि उस का सारा खर्च टैक्स में से न निकाला जा सके। लेकिन यह कहना कि चूँकि गन्दी दवायें बनाते हैं इस लिये वह अपने एडवर्टाइजमेंट न दें या उस पर टैक्स ज्यादा दें यह नहीं हो सकता है।

श्री हुकम चन्द कछवाय : मैं जानना चाहता हूँ कि हम विदेशों में जो प्रचार करते हैं उस पर प्रति वर्ष विज्ञापनों के रूप में कितना खर्च करते हैं।

अध्यक्ष महोदय : इस का इस सवाल से कोई ताल्लुक नहीं है।

श्री यशपाल सिंह : जो हमारे अतिथिगृह हैं उन में पनामा सिगरेट के लिये और तम्बाकू के सेवन के लिये जो विज्ञापन पर खर्च किया जाता है वह हमारे धर्म के भी खिलाफ है और हमारे कल्चर के भी खिलाफ है। तो मैं जानना चाहता हूँ कि क्या सरकार ने यह सोचा है कि इस पर रोक लगाई जाये और किसी अतिथि गृह या किसी दूसरी जगह पर इन चीजों की इजाजत न दी जाये।

अध्यक्ष महोदय : ठाकुर साहब, सवाल यह है कि टैक्स वाले किन को इजाजत दें और किन को न दें। कौन से एडवर्टाइजमेंट्स अलाऊ करें। यह आम एडवर्टाइजमेंट का सवाल नहीं है।

श्री यशपाल सिंह : एडवर्टाइजमेंट पर बहुत ज्यादा खर्च किया जाता है।

अध्यक्ष महोदय : वह अलाहदा चीज है, इस को इस वक्त नहीं लिया जा सकता।

Shri Indrajit Gupta: Apart from the expenditure on advertisements, is there any proposal to limit also the amount of space which can be occupied by the advertisements...

Mr. Speaker: That also is given in that.

Shri Indrajit Gupta: I do not think it is given in that. There is no mention of advertising space in newspapers which is being increasing-ly...

Mr. Speaker: Somewhere there is mention of "half page" and all that.

Shri B. R. Bhagat: There is some such thing.

श्री इन्द्रजीत गुप्त : आप को मालूम है, उन को नहीं मालूम है।

श्री मधु लिमये : अध्यक्ष महोदय, मेरी आप से फिर यह विनती है कि यह बयान बहुत लम्बा है। इस को आगे किसी वक्त लिया जाये।

अध्यक्ष महोदय : लिमये साहब, मैं भी अभी पढ़ कर आया हूँ।

श्री ब० रा० भगत : यह बयान 28 तारीख को एक्स्ट्रा आर्डिनरी गजट में छप गया था।

अध्यक्ष महोदय : अब आप उस को देख रहे हैं इसलिये वह एतराज कर रहे हैं, आप को उस को पढ़ कर आना चाहिये था।

श्री काशी राम गुप्त : यह जो नियम बनाये जा रहे हैं वह व्यक्तिगत फर्म, रजिस्टर्ड फर्म, कोऑपरेटिव सोसायटी, और लिमिटेड फर्म सब पर एक प्रकार से लागू होंगे और वह उन की जितनी खर्च करने की ताकत है

INCOMING MAIL ROUTING SLIP		Date
		NOV 15 1965
Mr. Alter	510	Mr. Loftus 578
Mr. Avramovic	1033	Mr. Lutolf 547
Mr. Bart	640	Mr. Mason 622
Mr. Benjenk	560	Mr. McIvor 606
Mr. Broches	810	Mr. Melmoth 674
Mr. Calika	541	Mr. Michaels 1217
Mr. Cargill	600	Mr. Nelson 659
Mr. Cavanaugh	700	Mr. Nurick 805
Mr. Chaufournier	510	Information Dept. 461
Mr. Cheek	645	Secretary's Dept. 1205
Mr. Clark	805	Office Services 107
Mr. Collier	646	Personnel Division 267
Mr. Consolo	839	Projects
Mr. Cone	651	Mr. Reamy 722
Mr. de la Renaudiere	544	Mr. Rist 1127
Demuth	845	Mr. Schmidt 849
Mr. de Vries	800	Mr. Stevenson 606
E.D.I.		Mr. Street 600
Mr. El Emary	552	Mr. Tolbert 625
Mr. Fontein	651	Travel Office 224
Mr. Friedman	1223	Treasurer's 717
Mr. Ghoshal	670	Mr. Twining 1210
Mr. Goodman	600	Mr. Vignes 500
Mr. Goor	G-1065	Mr. Weiner 506
Mr. Gordon	845	Mr. Wiese 570
Mr. Hartwich	650	Mr. Williams 552
Mr. Kamarck	800	Mr. Wilson 1220
Mr. Knapp	1220	Mr. Woods 1220
Mr. Knox	584	Mr. Worthington 446
Kruihof	546	Mr. Wright 611
Mr. Lejeune	1210	3 Mr. Pollack

Should we tell Rome about the KfW.
reporting reply to him? M



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

WASHINGTON 25, D. C.

TELEPHONE: 37897 34987

RESIDENT REPRESENTATIVE IN INDIA
RESERVE BANK OF INDIA BUILDING
NEW DELHI

CABLE ADDRESS-INTBAFRAD-NEW DELHI

I-d Consent
C 2 Op File

Letter no. 302

November 11, 1965

✓
Mr. Alexander Stevenson
South Asia Department
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington D.C. 20433

Dear Sandy,

1. When I saw her last, Dr. Feilner, the German Economic Counsellor in Delhi, raised a matter of some interest in the context of general Consortium policy. She said she had been instructed by her Government to discuss with the Finance Ministry here the bad feelings created in Germany by the raising of import duties in the Second Finance Bill. Some German firm did protest in Bonn against the new tariff barrier and the German Government seemed to have bought the line that those measures were a further impediment to private foreign investment in India.

2. Dr. Feilner did not agree with the views in Bonn. She thought the higher tariff barriers imposed with the Second Finance Bill were in line with the Bank's recommendations that imported goods should be made dearer in India. She wanted a confirmation of this, and was prepared to write back to Bonn that it would be improper for the German Government to take a different line from the Bank's on this matter vis-a-vis the Indian authorities. I told Dr. Feilner we thought the Second Finance Bill wasn't a satisfactory answer to the problems of the Indian economy in this field, but it was certainly viewed as a first step in the right direction in Washington. Dr. Feilner said she will do her best to assure that the maximum coordination with the Bank would be achieved, as far as the German Embassy in Delhi was concerned, in presenting their views on economic policy matters to the Indian authorities. She went as far as to say she will put the present case on the shelf for the time being.

3. In my view this is rather encouraging. The particular instance may not really have been too important. But the point is to create an

NOV 12 1965



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WASHINGTON 25, D.C.

CABLE ADDRESS: INTBANK-NEW DELHI

RESIDENT REPRESENTATIVE IN INDIA
RESERVE BANK OF INDIA BUILDING
NEW DELHI

TELEPHONE: 34987

November 11, 1965

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NOV 15 AM 10:12



Mr. Alexander Stevenson

- 2 -

November 11, 1965

atmosphere of collaboration, if a Consortium policy has to mean anything in the local circumstances.

Yours sincerely,



Romano Pantanali

c.c. Mr. Votaw

INCOMING MAIL ROUTING SLIP		Date NOV 15 1965	
Mr. Alter	510	Mr. Loftus	578
Mr. Avramovic	1033	Mr. Lutolf	547
Mr. Bart	640	Mr. Mason	622
Mr. Benjenk	560	Mr. McIvor	606
Mr. Broches	810	Mr. Melmoth	674
Mr. Calika	541	Mr. Michaels	1217
Mr. Cargill	600	Mr. Nelson	659
Mr. Cavanaugh	700	Mr. Nurick	805
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Mr. Cone	651	Mr. Reamy	722
Mr. de la Renaudiere	544	Mr. Rist	1127
Mr. Demuth	845	Mr. Schmidt	849
Mr. de Vries	800	Mr. Stevenson	606
E.D.I.		Mr. Street	600
Mr. El Emary	552	Mr. Tolbert	625
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Mr. Kamarck	800	Mr. Wilson	1220
Mr. Knapp	1220	Mr. Woods	1220
Mr. Knox	584	Mr. Worthington	446
Kruithof	546	Mr. Wright	611
Mr. Lejeune	1210	<i>3. Mr. Pollan</i>	
<i>Please initial and send to T. L. S.</i> <i>Op. File</i>			
From: Communications Unit, Room 244, Extension 2023			



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

WASHINGTON 25, D. C.

TELEPHONE: 47527-34987

RESIDENT REPRESENTATIVE IN INDIA
RESERVE BANK OF INDIA BUILDING
NEW DELHI

CABLE ADDRESS-INTBAFRAD-NEW DELHI

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AUG 27 2013

WBG ARCHIVES

November 11, 1965

✓
Letter no. 301

Mr. Alexander Stevenson
South Asia Department
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington D.C. 20433

Confidential

ack. Nov. 18, 1965

Dear Sandy,

The following is an account of the status of various aid programmes of some consortium countries, according to the latest information available in Delhi:

France: the programme is continuing regularly, and except for a interruption at the time of the fighting, applications for individual credits to be extended under French pledges have always been normally processed.

Belgium: no new loan application under the 1965/66 pledge has been considered by the Committee which extends government guarantees for suppliers' credits. The Committee usually meets twice a month to consider Indian and Pakistani business, but did not meet over the last eight or ten weeks.

I think the reason some of the finance being channelled into defence - more to industries, directly or indirectly

Netherlands: two-thirds of the Dutch pledge is a Government to Government loan. Government has postponed, so far, any decision on this matter. Similarly, no decision has been taken as to the guarantee on extended suppliers' credits. The Dutch Government seems to be concerned about the possibility of switching some of their finance - directly or indirectly - into defence oriented industries. They have been recently asked to finance the import of steel products, mostly, and their main private operator in India (Philips - Netherlands) finds it difficult to procure raw materials and components for the electronic industry which they used to buy in India. They have been quickly sanctioned import licences for a good deal of those items, which is viewed with some suspicion in the Haque.

They: G01

Italy: no meeting of the Committee for the export credit guarantee has been held over the last two months to consider Indian or Pakistani business.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WASHINGTON 25, D. C.

CABLE ADDRESS: INTBANK-NEW DELHI

RESIDENT REPRESENTATIVE IN INDIA
RESERVE BANK OF INDIA BUILDING
NEW DELHI

TELEPHONE: 34887

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WBG ARCHIVES

November 11, 1965

Letter No. 301

Confidential

Mr. Alexander Stevenson
South Asia Department
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington D.C. 20433

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Italy: no meeting of the Committee for the export credit guarantee has been held over the last two months to consider Indian or Pakistani business.

Mr. Alexander Stevenson

- 2 -

November 11, 1965

Japan: a de facto block has been imposed on the flow of money connected to the 1965/66 Consortium pledge. Disbursement under previous commitments continues, but no individual credit under the frame agreement for the current year (actually signed in July) is being considered by the Exim bank of Japan.

Germany: the frame-agreement connected with the 1965/66 German pledge has not been signed as yet. The Embassy here believes the delay is due to technical, rather than political reasons, but, de facto, no specific credit can be negotiated as yet.

I think you will find this useful. With the exception of the Germans and the Dutch, who believe that the aid programme will get moving rather soon, no other party is hopeful of a quick solution to the present impasse, and the various embassies are applying pressure on their respective Governments for a reconsideration of their present policy.

Yours sincerely,



Romano Pantanali

c.c. Mr. Votaw

9th Commit
Pch

Files

November 10, 1965

Alexander Stevenson

Aid Policies of Consortium Countries - India and Pakistan

Germany.

Dr. Donner told Mr. Wilson the other day that Bonn had decided to go ahead with further aid to Pakistan. As regards India they were also going ahead with new commitments within the total of the pledge for 1965/66. This is for Bank information only.

Canada.

Mr. Reid has informed us that Canada is going ahead with the processing of new commitments to India and Pakistan - but slowly.

cc: Mr. Wilson
Mr. Knapp
Mr. Mason
Mr. McDiarmid
Mr. Votaw
Sir Ernest Vasey
Mr. Pantanali

AS/uz

Handwritten initials in red ink.

OFFICE MEMORANDUM

TO: Mr. Votaw

DATE: November 8, 1965

FROM: Donald D. Fowler

SUBJECT: Quarterly Reports on Aid to India

Attached is the quarterly report on United States aid to India during the period July 1 - September 30, 1965.

Handwritten initials in blue ink.

UNITED STATES COMMITMENTS DURING
THE QUARTER ENDED SEPTEMBER 30, 1965

Review of Statistical Summary Presented in IND 65-12

1. Tables A-1 and A-2: No changes.
2. Annex B - U.S.: No changes.

Part I - New Commitments Signed During the Quarter:

None

Part II - New Commitments Authorized during the Quarter:

None

Annex C - Additional Projects or Programs Under Active Consideration

1. Under Consideration by Export-Import Bank:

\$ Million

(a) The Modern Mills, Ltd. ✓	5.0
(b) Nirlon Synthetic Fibres & Chemicals, Pvt. ✓	12.0
(c) South Bend India, Ltd. ✓	1.8
(d) Indian Aluminium Co., Ltd. ✓	11.9

2. Under Consideration by A.I.D.: Applications Received

(e) Bolani Ores, Ltd. ✓	6.7
(f) Mahindra & Mahindra ✓	10.5
(g) Civil Aviation ✓	9.3
(h) Higher Education - Capital Requirements ✓	12.0
(i) F.A.C.T. (Fertilizer Plant) ✓	31.2
(j) Durgapur Fertilizer Plant ✓	32.0
(k) Chandrapura Thermal Power II ✓	44.0
(l) Commodity Assistance ✓	265.0

Ind. Comm.
File

November 2, 1965

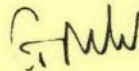
Mr. George P. Kidd
Minister
Canadian Embassy
Washington, D.C. 20036

Dear Mr. Kidd:

I thank you for your letter of October 26, 1965, which enclosed your July/September 1965 Quarterly Reports on the Utilization of Aid for India and Pakistan.

We have taken note of your corrections and will make appropriate amendments in subsequent reports.

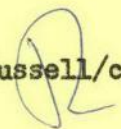
Yours sincerely,



G. M. Wilson
Vice President

Cleared with and cc: Mr. G.S. Mason
(through Mr. A. Stevenson)

RGRussell/cas



OUTGOING WIRE

TO: GREGORY VOTAW
OKURA HOTEL
TOKYO

DATE: NOVEMBER 1, 1965

CLASS OF LT
SERVICE:

2TT

COUNTRY: (JAPAN)

TEXT:

Cable No.: ~~Two~~ ONE

JAPAN EMBASSY ADVISED YOSHINO WILL SEE YOU FOURTH ELEVENTHIRTY AM
STOP FINANCE MINISTRY MEETINGS REMAIN AS YOU DISCUSSED WITH
MATSUKAWA OF EMBASSY REGARDS

POLLAN

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Hans Pollan

DEPT. South Asia

SIGNATURE H. Pollan
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

HP/bj

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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Reza Pottan

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INTERVIEW OF EMBASSY RECORDS

2005 EMBASSY RECORDS MEETING REVENUE AS FOR DISCUSSED WITH

1976 EMBASSY REVENUE RECORDS WILL SEE FOR RECORDS REVENUE RECORDS IN

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ONE

TEXT

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(1976)

LOKLO

OKINAWA HOTEL

CHIEF OF RECORDS

SERVICE
CLASS OF III

DATE: NOVEMBER 1, 1992

OUTGOING WIRE

ASSIGNMENT

INTERNATIONAL DISTRIBUTION

RECONSTRUCTION AND RE-ENTRY

INTERNATIONAL BANK FOR

CONSTRUCTION

INTERNATIONAL FINANCE

OFFICE MEMORANDUM

TO: Mr. Votaw

DATE: November 1, 1965

FROM: Donald D. Fowler

SUBJECT: Quarterly Reports on Aid to India

Attached is the quarterly report on Japanese aid to India during the period July 1 - September 30, 1965.

D.D.F.

Quarterly Report on Aid to India

Reporting Country: Japan

Period: July - September, 1965

Part A

1. Confirmation of the Government of India data, which were reproduced as Table A-1 and A-2 of the last "Quarterly Report on the Utilization of Aid".
2. In case of discrepancies, the correct figures and the reason for the difference in each case.

(In millions of dollars)

Pledges	Amount for which Agreements have been signed	Value of orders Placed		Amount dis- bursed	
		G.O.I. data	Our records <u>1/</u>		
Total, all pledges Japan	correct	correct	206.5	181.1	Correct
Subtotal, 1961/63 Pledges Japan	"	"	105.0	104.3	"
Subtotal, 1963/64 Pledges Japan	"	"	61.7	58.1	"
Subtotal, 1964/65 Pledges Japan	"	"	39.8	18.7	"

1/ The value of the purchasing contracts approved by The Export-Import Bank of Japan

Our records generally indicate a smaller value of orders placed than that of the Indian Government's data, because of applications being in transit or under eligibility study by the Export-Import Bank of Japan.

Part B

1. New agreements signed during the quarter just ended.

None

2. Changes, cancellations, suballocations to specific purposes and projects, or further refinements of agreements reported in previous quarters.

None

Part C

1. The purpose and approximate amount of further commitments from existing pledges, which are currently under discussion with the Government of India.

None

2. Project reported in previous quarters that have been dropped from consideration.

None

Form No. 75
(2-60)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

INTERNATIONAL DEVELOPMENT
ASSOCIATION

ROUTING SLIP

Date

Nov. 1, 1965

NAME

ROOM NO.

Miss Schmitt

1220

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information
initial

Signature

Send On

REMARKS

Mr. Woods has seen this.

This is just a spare copy which you can
have for your records.

From

Mr. B.R. Bell

Davidson
R. S. Study

October 29, 1965

Mr. Andre de Lattre,
Ministry of Finance,
99 rue de Rivoli,
Paris 1er,
France.

Dear Andre:

Our date for Friday, November 4, is off. The day before yesterday the not wholly unexpected cable to George Woods arrived. The text is as follows:

"When we last met on Thursday, the 7th October, we had agreed that preparations for holding a special meeting of the Consortium should be taken up urgently in the hope that the meeting can be held in the latter part of January 1966 as originally envisaged. This involves the preparation of a memorandum for the Consortium by India and an appraisal document by the World Bank. I had hoped that the former could be got ready by mid December and you had kindly agreed to send a Bank mission to India in the first half of November to make a quick appraisal by mid December. I now find that our own preparations have not advanced as far as I had hoped. It is, therefore, too early for a Bank mission to start its task of appraisal. Other conditions also do not seem to indicate any realistic hope that a meeting could be held as early as end of January. In view of these, I would request you to postpone visit of Bank mission till such time as I get in touch with you again on the matter."

I had rather anticipated that, given the uncertainties in India with respect to aid, or at least U.S. aid, and the reaction both genuine and tactical to this, they would find it very difficult to make some of the policy decisions and to elaborate a plan at this time. I am confident that the request for postponement represents nothing other than this indecision and is not in any sense a tactical ploy.

There has been no request for a postponement of the IMF mission and I feel certain that there will not be. Actually it makes some sense that they go ahead ^{and} attempt to reach agreement with the IMF before they go very far in the precise elaboration of either a five year plan or a 1966/67 plan. In some ways I would have liked to be in Delhi at the time the discussions with the IMF mission were going on. In any case, however, the mission will be in communication with Washington and will bring back a proposal for consideration by top management and perhaps the Board of the IMF so that we will have some opportunity to comment and to influence the outcome prior to final decision and agreement.

October 29, 1965

My guess is that further decisions by the GOI will be delayed pending a visit of the Prime Minister to the U.S. in the course of which, hopefully, some progress will be made toward a solution of the present impasse. On this basis I am also guessing that our mission will go forward early in January.

I do not know how thoroughly Le Monde is covering the Indian scene today or whether you are receiving any clippings from the Indian press. Let me know if you would like to have some of the more interesting ones which reflect the trend of thinking there at this time.

Incidentally, in advance of any discussion with the Fund mission, the GOI has just taken an interesting step in connection with private remittances. It is decreed that the recipient will receive automatically import entitlements to the extent of 60% of the value of the remittance: this entitlement is saleable and may be used for a wide range of both capital goods and production materials. Given the fact that on the average the entitlement will sell at a premium of about 100%, this is in effect a 60% premium. My guess is that it would produce a considerable amount of foreign exchange and that substantial funds which are now illegally held abroad will come back in this form.

The Government has also undertaken to sell bonds for gold, repayable after fifteen years in gold. No questions are to be asked about the source of the gold and the bonds will be free of income and wealth taxes as well as gift and estate taxes. My guess here is that considerable amounts of black money will be converted into gold and used for subscription for these bonds since this sounds like an easy way to convert black money into white. The deterrent is that the interest rate on the bonds is very low, less than 2% of the market value of gold in India. We may see a rise in the price in this market. If we do this will signify to me that the black to white conversion is going on.

It will be nice to hear from you.

Best regards,

Bernard R. Bell

BRB/rk

OFFICE MEMORANDUM

VB
✓
Russell

TO: Mr. Votaw

DATE: October 28, 1965

FROM: M. M. Mendels

SUBJECT: Quarterly Reports on Aid to India

Attached is the original and a copy of the translation of the quarterly report on German aid to India during the period July 1 - September 30, 1965.

M-M-M.

Ex. 4.01

KREDITANSTALT FÜR WIEDERAUFBAU

Frankfurt am Main
October 4, 1965

M E M O R A N D U M

Subject: Capital Aid to India

Reference: World Bank Questionnaire IND 64 - 10 of April 10, 1964

The following are the replies to the above questionnaire from the period July 1 to September 30, 1965:

A. New Obligations during the Quarter under Review

1. (a) Loan Agreement with Mysore Iron and Steel Ltd.

(b) Borrower: Mysore Iron & Steel Ltd. (MISL)
Bhadravati/Mysore

Lender: Kreditanstalt für Wiederaufbau, Frankfurt am Main

Date: August 31, 1965

Official Title: Loan Agreement between the Kreditanstalt für Wiederaufbau, Frankfurt am Main, and Mysore Iron & Steel Ltd., for DM 13 million (~~US \$ 3.2 million~~)

(c) Amount of Loan: DM 13 million (~~US \$ 3.2 million~~)

(d) Purpose of Loan: Construction of an electric pig iron plant to expand the pig iron capacity of MISL

(e) Rate of Interest: 3%

(f) Repayment Schedule: 32 half-yearly instalments of DM 361,000, the first on December 31, 1972 and the last on June 30, 1988.

4 half-yearly instalments of DM 362,000, the first on December 31, 1988 and the last on June 30, 1990.

(g) Preliminary Estimate of Disbursement: By June 30, 1967

TRANSLATION SECTION 1541/65

Translated From: German 10/26/65 By: JB/gue

2. (a) Loan Agreement with the Indian Development Bank, IFCI

- (b) Borrower: Industrial Finance Corporation of India, New Delhi
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt am Main
Date: July 30, 1965
Official Title: Loan Agreement between the Kreditanstalt fur Wiederaufbau, Frankfurt am Main, and the National Small Industrial Corporation Ltds., New Delhi, for DM 15 million (U.S. \$ 3.7 million)
(c) Amount of Loan: DM 15 million (" ✓ ")
(d) Purpose of Loan: Financing of projects of small and medium scale private industries
(e) Rate of Interest: 3%
(f) Repayment Schedule: 34 half-yearly instalments of DM 420,000, the first on December 31, 1972 and the last on June 30, 1989, and 2 half-yearly instalments of DM 360,000 the first on December 31, 1989 and the last on June 30, 1990.
(g) Preliminary Estimate of Disbursement: By December 31, 1968.

3. (a) Loan Agreement with the Indian Development Bank, NSIC

- (b) Borrower: National Small Industries Corporation Ltd., New Delhi
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt am Main
Date: July 26, 1965
Official Title: Loan Agreement between the Kreditanstalt fur Wiederaufbau, Frankfurt am Main, and the National Small Industries Corporation Ltds., New Delhi, for DM 5 million (U.S. \$ 1.2 million)
(c) Amount of Loan: DM 5 million (" " " ")
(d) Purpose of Loan: Financing of projects of small and medium scale private industries
(e) Rate of Interest: 3%
(f) Repayment Schedule: 34 half-yearly instalments of DM 140,000 the first on December 31, 1972 and the last on June 30, 1989, and 2 half-yearly instalments of DM 120,000 the first on December 31, 1989 and the last on June 30, 1990.

(g) Preliminary Estimate
of Disbursement: By December 31, 1968

B. Agreements expected shortly

The following Loan Agreements will probably be concluded during the next few months:

	<u>Amount of Loan</u>	<u>Purpose of Loan</u>
(a)	DM 14.0 million (US\$ 3.5 million)	Financing of an individual project (1963/64 pledge)
(b)	DM 23.5 million (US\$ 5.9 million)	Financing of goods and services contributing to the better utilization of existing production capacity (Commodity V)
(c)	DM 30.6 million (US\$ 7.6 million)	Financing of individual projects (1964/65 pledge)

TRANSLATED

OCT 26 1965

I.B.R.D.

V e r m e r k

Betr.: Kapitalhilfe an I n d i e n

Bezug: Fragebogen der Weltbank IND 64 - 10 vom 10. April 1964

Der genannte Fragebogen ist für die Zeit vom 1. Juli bis 30. September 1965 wie folgt zu beantworten:

A. Neue Verpflichtungen im Berichtsvierteljahr

1. a) Darlehensvertrag mit der Mysore Iron & Steel Ltd.

b) Darlehensnehmer: Mysore Iron & Steel Ltd. - MISL -
Bhadravati / Mysore

Darlehensgeber: Kreditanstalt für Wiederaufbau,
Frankfurt/Main

Datum: 31. August 1965

Offizieller Titel: Darlehensvertrag zwischen der
Kreditanstalt für Wiederaufbau,
Frankfurt/Main, und der Mysore
Iron & Steel Ltd. über DM 13 Mio

c) Betrag: DM 13 Mio

d) Darlehenszweck: Bau einer Elektro-Rohr-
anlage zur Erhöhung der Rohrkapazität
der MISL

e) Zinssatz: 3%

f) Rückzahlungsplan: 32 Halbjahresraten von
DM 361.000.-- beginnend am
31. Dezember 1972, endend am
30. Juni 1988
4 Halbjahresraten von DM 362.000.--
beginnend am 31.12.1988, endend
am 30. Juni 1990

g) Vorausschätzung
der Auszahlung: bis zum 30. Juni 1967.

2. a) Darlehensvertrag mit der indischen Entwicklungsbank
IFCI

b) Darlehensnehmer: Industrial Finance Corporation
of India, New Delhi

Darlehensgeber: Kreditanstalt für Wiederaufbau,
Frankfurt/Main

Datum: 30. Juli 1965

Offizieller Titel: Darlehensvertrag zwischen der
Kreditanstalt für Wiederaufbau
und der Industrial Finance
Corporation of India, New Delhi
über DM 15 Mio

c) Betrag: DM 15 Mio

d) Darlehenszweck: Finanzierung von Projekten der
kleinen und mittleren privaten
Industrie

e) Zinssatz: 3%

f) Rückzahlungsplan: 34 Halbjahresraten von
DM 420.000.--, beginnend am
31. Dezember 1972, endend am
30. Juni 1989 und 2 Halbjahres-
raten von DM 360.000.--, beginnend
am 31. Dezember 1989, endend am
30. Juni 1990

g) Vorausschätzung der
Auszahlungen: ----- bis zum 31. Dezember 1968

3. a) Darlehensvertrag mit der indischen Entwicklungsbank
NSIC

b) Darlehensnehmer: National Small Industries
Corporation Ltd., New Delhi

Darlehensgeber: Kreditanstalt für Wiederaufbau,
Frankfurt/Main

Datum: 26. Juli 1965

Offizieller Titel: Darlehensvertrag zwischen der
Kreditanstalt für Wiederaufbau,
Frankfurt/Main, und der National
Small Industries Corporation Ltd.,
New Delhi über DM 5 Mio

c) Betrag: DM 5 Mio

- d) Darlehenszweck: Finanzierung von Projekten der kleinen und mittleren privaten Industrie
- e) Zinssatz: 3%
- f) Rückzahlungsplan: 34 Halbjahresraten von DM 140.000.-- beginnend am 31. Dezember 1972, endend am 30. Juni 1989 und 2 Halbjahresraten von DM 120.000.-- beginnend am 31. Dezember 1989, endend am 30. Juni 1990
- g) Vorausschätzung der Auszahlungen: bis zum 31. Dezember 1968.

B. In Kürze zu erwartende Verträge

folgende Darlehensverträge werden voraussichtlich im Laufe der nächsten Monate abgeschlossen werden:

<u>Darlehensbetrag</u>	<u>Darlehenszweck</u>
a) DM 14,0 Mio	Finanzierung eines Einzelprojekts (Zusage 1963/64)
b) DM 23,5 Mio	Finanzierung von Gütern und Leistungen zur besseren Ausnutzung bestehender Produktionskapazitäten (Commodity V)
c) DM 30,6 Mio	Finanzierung von Einzelprojekten (Zusage 1964/65).

Recd 10/27/65
Consortium
File (see)

OFFICE MEMORANDUM

TO: Mr George D. Woods *11/11*
FROM: K.S. Sundara Rajan
SUBJECT: Visit of the Bank Mission to India.

DATE: October 27, 1965

I have received by cable the following message from
Mr. Bhoothalingam, Economic Secretary to the Government of India,
which he has asked me to convey to you:

"When we last met on Thursday, the 7th October, we had agreed that preparations for holding a special meeting of the Consortium should be taken up urgently in the hope that the meeting can be held in the latter part of January 1966 as originally envisaged. This involves the preparation of a memorandum for the Consortium by India and an appraisal document by the World Bank. I had hoped that the former could be got ready by mid December and you had kindly agreed to send a Bank mission to India in the first half of November to make a quick appraisal by mid December. I now find that our own preparations have not advanced as far as I had hoped. It is, therefore, too early for a Bank mission to start its task of appraisal. Other conditions also do not seem to indicate any realistic hope that a meeting could be held as early as end of January. In view of these, I would request you to postpone visit of Bank mission till such time as I get in touch with you again on the matter."

Sundara Rajan.
27-10-65

Mr Russell ✓
Please handle
GJ

OFFICE MEMORANDUM

TO: Mr. Gregory Votaw

DATE: October 27, 1965

FROM: K.S. Sundara Rajan

SUBJECT: India Consortium - Quarterly Report on the Utilization of Aid - Bank Memo. No. IND 65-12 dated August 17, 1965

The following corrections may kindly be made in the statements:-

1. Page 18 Item 2(d) - The word 'selected' may be inserted between the words 'individual' and 'projects'.
2. Page 19 Item 3(g) - Instead of 1966, the year 1967 may be substituted.
3. Page 19 Item 4(g) - Instead of 1966, the year 1968 may be substituted.
4. Page 25 Item I(b) - The dates may be corrected as under:-

Authorized - December 4, 1964
Signed - April 30, 1965

5. Page 26 Item 3(b) - The dates may be corrected as under:-

Authorized - April 13, 1965
The official Title of the Loan is 'COMMODITY PROGRAM ASSISTANCE 1964-65'

6. Page 27 Item b(b) - The authorized date may be corrected as July 22, 1965.
7. Page 30 Item 3 - Germany (b) Instead of the word 'Commodity V' the words 'Commodity II - 1963-64 Commitments' may be substituted.

2. Particulars of two more AID loans, namely loan of \$23 million for Hindustan Motor Trucks and a loan of \$2.95 million for Hindustan Motors Shovels which were authorized on August 4, 1964 and signed on May 3, 1965 are sent herewith.

3. The following additional information is forwarded in connection with the loans listed below:-

1. Page 24 Second UK-India General Credit Agreement, 1965. Item (g) - The amount was completely drawn on August 18, 1965.

2. Page 31 Item 3(c) German credits:-

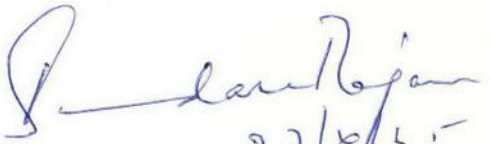
After the bracket, the words "Out of this a loan agreement for DM 13 million for Mysore Iron & Steel Works Electronic Pig Iron Plant was signed on August 31, 1965.

3. Page 31 Item 3(d) German Credits:-

(i) IFC:- Credit of DM 15 million agreement signed on 22nd and 30th July 1965.

(ii) NSIC:- Credit of DM 5 million agreement was signed on 19th and 26th July 1965.

Item 5(a) United States Eximbank Credits - This item namely 'Uttar Pradesh Pulp and Paper Mills Ltd' \$5 million has been withdrawn.


27/8/65

Ind Con
files

OFFICE MEMORANDUM

TO: Mr. Gregory Votaw

DATE: October 26, 1965

FROM: Hans Pollan

SUBJECT: Indian Consortium - Japan

1. I am enclosing for background to your visit in Tokyo a copy of a letter, which I wrote on July 28, 1965, in Bombay to Mr. Stevenson, and of a letter written in Calcutta on August 2 to Mr. B. Yoshino, both concerning my meeting with Japanese Government representatives on July 8, 1965, in Tokyo.

2. Let me draw your attention to certain points in the July 28 letter which you could take up during your forthcoming talks with Yoshino, et al, in Tokyo:

- (a) Para 6: So far we have not heard from Yoshino regarding the specific sectors of the Indian economy which the Japanese Government would like the Bank to analyze.
- (b) Para 8: You may be asked by your hosts about our appraisal plans for the Goa ore export/port project, specifically whether our mission would come through Tokyo.
- (c) Para 9: Could you inquire whether the Government of Japan has any knowledge on, or any intention to help finance, the proposed alloy steel plant in Salem. Apparently the Mitsui group which reviewed the project last summer has reported favorably on this project on which our friend Venkataraman, the Madras Industry Minister, is very keen. (You will recall that the Salem project had originally been proposed by Dastur as a 500,000 ton mild steel plant.)

cc: Mr. Bell

Mr. Kaupisch)
Delhi Office) without attachments

HP/bj

Letter No. 1

Bombay
July 28, 1965

Mr. Alexander Stevenson
International Bank for Reconstruction
and Development
1818 H Street
Washington, D. C.

Dear Sandy:

Indian Consortium - Japan

1. In view of the heavy schedule in Calcutta and Delhi, the following is a somewhat belated account of my talks in Japan.
2. I met on July 8 with representatives of the Japanese Government, as follows:

MINISTRY OF FOREIGN AFFAIRS:

Mr. Bunroku Yoshino, Deputy Director, Economic Cooperation Bureau
Mr. Takehiko Nishiyama, Assistant Director " " "
Mr. Tatsuo Noguchi

MINISTRY OF FINANCE

Mr. Kimimasa Tarōmizu @ First Investment and Credit Section
International Finance Bureau

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI)

Mr. Sumio Murata @ Finance Cooperation Section,
Economic Cooperation Division

Mr. Ryohi Nagasawa @ Trade Promotion Bureau
Mr. Takao Watanabe - Iron and Steel Business Section,
Heavy Industries Bureau.

3. Yoshino, Nishiyama and Tarōmizu were the principal spokesmen. They are, according to themselves, the Japanese officials who are closest to the Japanese activities under the Indian consortium. The representatives of MITI explained that their function was to represent specific industries' views, particularly with regard to the export of capital equipment. Yoshino indicated that the Foreign Affairs Ministry had no power to determine amounts of aid, but that its influence was very strong as it regards direction of Japanese aid. (Tarōmizu confirmed this to me separately; he also mentioned that his office had an excellent working relationship with the Foreign Ministry's Economic Cooperation Bureau and between them they determined the Japanese aid allocations for specific countries).

4. Yoshino, Tarōmizu and Nishiyama were wondering about the future role of the consortium, and the influence that it might have on Indian economic policies. They said that Japan was at the present rate contributing only six percent of the total consortium effort and they would consider it pretentious, with such a small share, to try to bring about Indian policy changes. Japan therefore looked to the Bank regarding this aspect. They were very emphatic on this point, saying that they had to rely on (a) the wisdom and good will of the Indians and (b) on the Bank. They were keenly interested in the Bank's assessment of the Fourth Five-Year Plan and our judgment regarding the approximate timing when India might attain self-sustaining growth. The Japanese officials concerned with aid to India and Pakistan were constantly faced by questions by other Government departments and in the Diet as to the repayment prospects of loans to India; they had a hard time explaining that India was not a straight-forward banking case and that Japan had to help India through, together with the other consortium members, until more normal economic and trade relations could be established. Yoshino stressed that, aside from his country's long-term trading interests in India, Japan had to help India because it was an Asian country and they could not afford the stigma of letting a fellow-Asian down.

5. The meeting then went into more specific questions. Nishiyama wanted to know what the status of debt rescheduling problem was. They were aware of the informal meeting which Geoffrey Wilson held during the June Pakistan consortium meeting and the only thing I could tell them was that the matter rested there for the time being as far as the other consortium members were concerned. Nishiyama explained their interest in this aspect was partly due to the impression created in industrial circles in Japan that after a rescheduling operation the Japanese pledge might have to be devoted about one half to refinancing Indian obligations to Japan and the other half to maintenance imports. In other words, there would be little prospect for Japanese producers of capital equipment to continue to export to India under future Japanese pledges. I told him that such an impression was not justified at this time and, in any event, it was too early to speak about debt rescheduling because the Bank had not completed its own review of the Indian economy as a preliminary to the consortium deliberations on the posture to be taken vis-a-vis the Fourth Plan. The Japanese representatives indicated that they would have to look out for the export chances of their capital goods producers.

6. In response to my query regarding Japan's interest in specific Indian economic sectors, Yoshino, Nishiyama and Tarōmizu expressed their concern about the agricultural situation. They also said they were much interested in industry and that they would think about specific economic sectors on which they would like to have the Bank's opinion. Yoshino said he would write on this point to the Bank.

7. As to aid procedures, the Japanese representatives indicated that nearly all of Japanese aid to India was handled by their Export-Import Bank. It works as follows: a Japanese manufacturer obtains a loan of usually 80 percent of the value of an Indian order at an interest rate of 5-6 percent and on terms varying with the transaction, the remaining 20 percent met by loans from his own commercial banks. Nishyama confirmed that the terms of financing available to the manufacturer reflect themselves in the price of the commodity to be shipped to India. The other step is a loan agreement for a specific transaction between the Export-Import Bank and India on the stipulated consortium terms. The Japanese Government doesn't care which of the various transactions fall under the 15 or the 18 year loan category. Yoshino explained that this procedure was quite different from that applicable to Japanese aid to Korea and Formosa where grants or IDA-type long-term loans at 3 percent are being made, all of them financed straight from the Japanese budget; he did not think that at the present stage this procedure could be extended to India and Pakistan.

8. Yoshino and Nishyama also raised the Indian iron ore export problem, expressing concern about the delays in delivery attributable to the slow construction of the port at Vizagapatman. All they could do was to point out this shortcoming to the Indians, but this had been of little avail. The Japanese steel industry, however, was upset and this matter might affect their attitudes regarding future purchases of Indian iron ore. I suggested that they keep in touch with us, either in Washington or with our Delhi office, regarding specific iron ore problems, such as the delay in the Vizagapatman port and they indicated that they would be glad to do so. In this context, I mentioned our possible appraisal of a port project at Goa which would be handling iron ore. The Japanese officials expressed great interest in this and suggested that our appraisal missions should come through Japan for discussions of this project before or after they went to India.

9. Nothing noteworthy came out when I inquired about their operations in the Indian coal and steel sectors. (Yesterday, however, in Madras, the State's Industry Minister, Venkatarama, indicated that he expected in a day or two a delegation of a Japanese group headed by Mitsui, which had expressed interest in supplying equipment and financing the proposed Salem steel plant.)

10. I also raised the question as to how they treated their long-term suppliers credits (minimum life of 10 years), such as the recent \$10 million textile credit, in relation to their consortium pledge. They said they hadn't thought about this but would do so.

11. As a general impression I was struck by the candid way in which the discussion proceeded. Yoshino, Nishyama and Tarumizu are very bright and, from what I could gather, extremely well informed about India. They appear to be the senior men on the working level who work on the Japanese aid decisions vis-a-vis India,

and I definitely recommend that we keep in touch with them. They pointed out that they would welcome visits of Bank staff connected with Indian business for an informal exchange of views. I told them that my visit was the first under such a heading, serving principally to get a feeling of one another, and that I would recommend that similar visits by appropriate Bank staff should be continued.

Except for an annoying cold which I have had for about a week, everything is well with the mission.

Yours sincerely,

Hans

Hans Pollan

cc: Messrs. Wilson
Wright
Votaw
Pantanali

}

Distributed 8/4-ptv

COPY

Calcutta
August 2, 1965

Mr. Bunroko Yoshino
Deputy Director
Economic Cooperation Bureau
Ministry of Foreign Affairs
Tokyo, Japan

Dear Mr. Yoshino:

Since we had our discussions on July 9 in Tokyo, I have had a very hectic schedule which accounts for the delay in thanking you for the courtesies shown to me and the very pleasant lunch on the same day.

I have in the meanwhile advised the Bank in Washington of the tenor of our discussions and I hope that future informal contacts between your Government and the Bank concerning matters relating to the Indian consortium will occur. As far as I was concerned, I found the meeting most helpful.

I look forward to hearing from you regarding the specific sectors of the Indian economy which you feel should be analyzed in depth.

With kind regards,

Yours sincerely,

Hans Pollan
South Asia Department

OFFICE MEMORANDUM

C
D

TO: Mr. Votaw

DATE: October 26, 1965

FROM: M. M. Mendels

SUBJECT: Quarterly Reports on Aid to India

Attached is the original and a copy of the translation of the Quarterly Report on Austrian aid to India during the period July 1 - September 30, 1965.

Mr. Mr. Mr.

MINISTRY OF FINANCE

Ref. Z1.102.593-15a/65

Quarterly Report on the Utilization of Austrian Aid
to India - Position at September 30, 1965

Part A

The records of the Austrian Ministry of Finance show the following deviations from the figures contained in the World Bank Report relative to the position at June 30, 1965.

1. Orders placed: The total figure of orders placed up to June 30, 1965 was US\$11.1 million, US\$5 million of this sum being charged against the Austrian Credit to India I (1961/63 pledges) and US\$6.1 million against Credits to India II and III (1963/65 pledges).

The total Austrian pledges should, for the sake of accuracy, be shown as US\$17.85 million, and the pledges for 1964/65 as US\$0.85 million, since otherwise discrepancies will arise between the figures and the amounts actually utilized.

The discrepancies between the data given in the World Bank report, which are based on figures supplied from Indian sources, and the records of the Ministry of Finance are to be explained by the fact that orders placed are recorded earlier by the Indian than by the Austrian authorities, so that certain orders, already reported by India as having been placed, were not listed in Austria until after June 30, 1965.

2. Disbursements: The amount of disbursements shown in the World Bank Report agrees with the records of the Austrian Ministry of Finance.

Part B

No further Credit Agreements were concluded between Austria and India during the period of the report.

Part C

A fourth Credit Agreement will shortly be concluded between Austria and India, relative to a US\$4 million line of credit. As in the case of the previous credits to India, the exchange made available by the credit will be used for the purchase of Austrian goods.

TRANSLATION SECTION 1560/65

Translated From: German 10/26/65 By: JB/gu

OCT 26 1965

I.B.R.D.

V i e r t e l j a h r e s b e r i c h t
über die Ausnützung der österreichischen Indienhilfe;
Stand 30.September 1965

Teil A

Auf Grund der Aufzeichnungen des österreichischen Finanzministeriums ergeben sich folgende Abweichungen von den im Weltbankbericht zum 30.6.1965 enthaltenen Angaben.

1. Vergebene Aufträge (orders placed): Die Summe der bis 30.6.1965 getätigten Geschäftsabschlüsse betrug insgesamt 11,1 Mio Dollar, davon entfallen auf den österreichischen Indien-Kredit I (1961/63 pledges) 5 Mio Dollar und auf die Indien-Kredite II und III (1963/65 pledges) 6,1 Mio Dollar.

Die gesamten österreichischen Zusagen (pledges) sollten genauigkeitshalber mit 17,85 Mio Dollar, die Zusagen für 1964/65 mit 0,85 Mio Dollar angegeben werden, weil sich sonst Differenzen mit der tatsächlichen Ausnützung ergeben werden.

Die Differenzen zwischen den Daten des Weltbankberichtes, die sich auf indische Quellen stützen und den Aufzeichnungen des Bundesministeriums für Finanzen erklären sich daraus, dass die getätigten Geschäftsabschlüsse von der indischen Seite früher registriert werden als von der österreichischen, sodass von Indien bereits Geschäftsabschlüsse gemeldet wurden, die von österreichischen Behörden erst nach dem 30.6.1965 verzeichnet wurden.

2. Auszahlungen (disbursements): Die Höhe der tatsächlichen Auszahlungen im Weltbank-Bericht stimmt mit den Aufzeichnungen des Bundesministeriums für Finanzen überein.

Teil B

Im Berichtszeitraum wurden keine weiteren Kreditabkommen zwischen Österreich und Indien abgeschlossen.

Teil C

Ein viertes Kreditabkommen zwischen Österreich und Indien steht bevor. Es wird eine Kreditlinie von 4 Mio Dollar aufweisen. Die Kreditvaluta wird, wie bei den vorhergehenden Indienkrediten, zum Ankauf österreichischer Waren dienen.

OFFICE MEMORANDUM

Mr. Russell
B

TO: Mr. Votaw

DATE: October 26, 1965

FROM: M. M. Mendels

SUBJECT: Quarterly Reports on Aid to India

Attached is the quarterly report on Netherlands aid to India during the period July 1 - September 30, 1965.

Mr. M. - Mr. -

The Netherlands Assistance to India

for the quarter ending September 30, 1965

- A. No remarks on document Ind 65-12.
Disbursements on fl. 78 m. loan at September 30, 1965: fl. 43,2 m.

- B. New commitments during the quarter ended September 30, 1965.

Equipment for a tyre cord plant

Borrower:	The Century Spinning & Manufacturing Comp., Bombay
Lender:	Nationale Bank voor Middellang Krediet
Date of loan agreement:	June 1, 1965
Date of guarantee:	July 28, 1965
Amount:	price fl. 13.350.000 ^① (U.S. \$3.7 million) loan fl. 12.015.000 (U.S. \$3.3 million)
Interest rate:	6%
Amortisation terms:	20 halfyearly instalments beginning 6 months after delivery
Note:	Of the total facility of fl. 42 m. for the years 1962/3 to 1964/65 for 10-yearly financial exportcredits has up to September 30, 1965 in total been used fl. ④ 21.030.503: December 1964 Dredger ② fl. 6.067.868 March 1965 Floating crane ③ " 2.947.635 July 1965 Tyre cord plant ④ " 12.015.000

C. - - -

① U.S. \$ 5.8 million

② U.S. \$ 1.7 million

③ U.S. \$ 821,068

④ U.S. \$ 3.3 million

I ed Cms

October 25, 1965

Mr. Takayoshi Yamashita
Financial Minister
Embassy of Japan
2520 Massachusetts Avenue N.W.
Washington, D.C.

Dear Mr. Yamashita,

You may recall that, following a suggestion made in my letter dated June 23, 1965, Mr. Pollan of this Department met on July 8 in Tokyo with Mr. Huroko Ioshino and other representatives of your Government for an exchange of views on matters of mutual interest in the context of the Indian consortium. At that meeting, the view was expressed that informal contacts of that nature between the Government of Japan and the Bank should be continued at suitable occasions.

Mr. Gregory Votaw, a Loan Officer in the Department, will be travelling to India in the near future and, if you think it useful, he could stop over in Tokyo for a day and take the opportunity of discussing various aspects of Japan's and the Bank's aid activities in India. His interest is principally related to operations assisting manufacturing industries and agriculture.

Mr. Votaw would arrive in Tokyo, where he will be staying at the Gloria Hotel, as soon as to be available for a meeting on Wednesday, November 3, 1965. I would be grateful for your early advice whether Mr. Votaw's visit in Tokyo would be convenient to your Government at that time.

With kind regards,

Yours sincerely,



Alexander Stevenson
Director
South Asia Department

cc: Mr. Yoshino, Tokyo, Japan
Mr. Suzuki

HPollan/pd
IBRD:IH

Wilson, Street, New Delhi office

October 25, 1965

Mr. Bunroko Yoshino
Deputy Director
Economic Cooperation Bureau
Ministry of Foreign Affairs
Tokyo, Japan

Dear Mr. Yoshino,

I recall with pleasure the meeting on July 8 when you and other representatives of the Government of Japan were kind enough to discuss with me certain aspects of Japan's technical and economic aid to India.

I am writing you today, because my colleague, Mr. Gregory B. Votaw, who is in charge of the India Division in this Department, will soon be travelling to India and expects to break his journey for a day in Tokyo. He would be most grateful for a chance to discuss matters of mutual interest informally with you. (You will note from the attachment that our Director, Mr. Stevenson, has also suggested such a meeting to Mr. Yamashita, the Financial Minister of your Embassy in Washington.) Mr. Votaw is interested in a general briefing on Japanese aid activities, with particular reference to your assistance to manufacturing industries and agriculture in India. He could also explain recent developments in Bank/IDA operations.

We would appreciate it if Mr. Votaw could meet with you and other officers of your Government in the morning of Wednesday, November 3, 1965. I hope this can be arranged without inconvenience. Could possibly a message be left at the Okura Hotel for Mr. Votaw, when he arrives in Tokyo on the evening of November 2.

With kind regards,

Yours sincerely,

Hans Pollan
South Asia Department

Attachment

cc: Mr. Street, Mr. Votaw, New Delhi Office



OFFICE MEMORANDUM

TO: Mr. Votaw

DATE: October 22, 1965

FROM: M. M. Mendels

SUBJECT: Quarterly Reports on Aid to India

Attached is the quarterly report on Belgian aid to India during the period July 1 - September, 1965.

M. M. M.

INDIAN CONSORTIUM

B E L G I U M

Part B : New commitments signed during quarter ended september 30, 1965.

N O N E

* * *

Total commitments as of june 30, 1965	\$ 10,706 Mio
Amount during the 3rd quarter of 1965	-----
Total commitments as of september 30, 1965	\$ 10,706 Mio =====

W. DELELLI & CO. S.p.A.
20121 BOLOGNA

INDIAN CONSORTIUM

B E L G I U M

Part C. : Other projects under consideration as of september 30, 1965.

(These items are the so-called "promises, i.e. the authorities in Belgium have promised to guarantee the suppliers' credit subject to the transactions taking place within a period of validity of the promise. The period of validity is limited to a few months, but may be extended. Credit transactions for some of the items eventually may not take place).

Amount (Mio currency units).

Belgian francs \$

Total : 83,9 1,676

FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C. 20535



UNITED STATES GOVERNMENT
PRINTED AT THE NATIONAL CENTER FOR
PRODUCTION

1965-10-15

✓

OFFICE MEMORANDUM

TO: Mr. Votaw

DATE: October 22, 1965

FROM: M. M. Mendels

SUBJECT: Quarterly Reports on Aid to India

Attached is the quarterly report on French aid to India during the period July 1 - September 30, 1965.

M.M.M.

October 20, 1965

Third Tranche

4.90

22 -

Purpose : Procurement of air compressors and cooling plates for a cement factory

Nature of the credit : Supplier credits guaranteed by the French Government

Lender : Compagnie des Machines pneumatiques rotatives

Borrower : Associated Cement

Date of notification : July 29, 1965

Amount : 1,023,006 Francs (US\$ 208,776 approx.)

Interest rate : 5.25 %

Amortization terms : 10 years

23 -

Purpose : Procurement of an alternator for the Aliyar power station

Nature of the credit : Supplier credits guaranteed by the the French Government

Lender : Alsthom

Borrower : Madras State Electricity Board

Date of notification : August 10, 1965

Amount : 2,596,586 Francs (US\$ 529,915 approx.)

Interest rate : 5.25 %

Amortization terms : 10 years

October 20, 1965

Third Tranche

24 -

Purpose	: Procurement of machine-tools, presses, steam dryer and drills
Nature of the credit	: Supplier credits guaranteed by the French Government
Lender	: Compagnie Intercontinentale Commerciale et Financière
Borrower	: Heavy Electricals
Date of notification	: August 26, 1965
Amount	: 1,282,072.05 Francs (US\$ 261,647 approx.)
Interest rate	: 5.25 %
Amortization terms	: 10 years

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C. P. Hines
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Files

October 19, 1965

Alexander Stevenson

Bank/IDA Lending to India and Pakistan - Conversation with Mr. Merchant

Mr. Knapp, Mr. Wilson and I saw Mr. Merchant on Friday, October 15. Mr. Knapp went over the background of the September postponement of the Pakistan consortium and went on to say that, while the Bank/IDA continued to disburse on loans and credits to India and Pakistan while hostilities were going on, it had not made any new commitments in that period. Now, after the cease-fire, it had been decided that the Bank and IDA should be prepared to go ahead and bring before the Executive Directors projects in both countries as they became ready. Mr. Knapp handed to Mr. Merchant copies of my memorandum to him of October 15, 1965, "India and Pakistan - Use of Bank/IDA Pledges" explaining that this was intended to give a general idea of projects which might come up in the near future. He noted that in the case of India this meant using uncommitted pledges, including that for 1965/66. In Pakistan it would mean exceeding the amount pledged since in fact the Bank and IDA had as yet made no pledge for 1965/66. As a matter of fact, we had already with the PICIC loan exceeded the existing Bank pledges.

A discussion followed about the effects of the Indo-Pakistan war and its aftermath on the respective parties, and Mr. Merchant made the point that as far as the US Government was concerned, a major cloud on the Indian horizon was the possibility that India would decide to develop nuclear weapons. In the case of Pakistan the US Government would be increasingly concerned should Pakistan draw more and more close to China.

Mr. Knapp told Mr. Merchant about the Bank's plans for a mission led by Mr. Bell in November to appraise the Fourth Five-Year Plan (assuming that it was ready for appraisal) and also mentioned that while Mr. Shoaib was here we had given him a series of questions regarding the effect of the war on the Pakistan economy. Mr. Merchant said the US Government would be interested in the Bank's judgment of the effects of the hostilities on the economies of both countries and that if this effect were large it could affect the US position. He observed that the US approval of IDA projects for India and Pakistan was related to the replenishment of IDA's resources and also said that without some re-assurance from India and Pakistan as to their future relations the Administration could not and should not get money out of Congress for use in these countries.

AS/uz

cc: Mr. Knapp, Mr. Wilson, Mr. Mason, Mr. Votaw

Ind Cons
Vah

Mr. J. Burke Knapp

October 15, 1965

Alexander Stevenson AJ

India and Pakistan - Use of Bank/IDA Pledges

Attached is a summary of the present position with our pledges.

my
SNMcIvor:ptv

cc: Mr. Wilson
Mr. Finsaas
Mr. Votaw

USE OF BANK/IDA PLEDGES: INDIA AND PAKISTAN

(As at October 15, 1965)

<u>India: Bank</u>		<u>\$ Million</u>
Carry-over from earlier pledges as at April 1, 1965		234.5
Loans signed since April 1, 1965 to date		134.0
1965/66 pledge (announced April 21, 1965)		<u>105.0</u>
Balance to be committed		205.5
Loans likely to be signed by January 31, 1966		
Koyna Power III	18.5	
IISCO	<u>14.5</u>	
Punjab Drainage II	<u>15.0</u>	<u>48.0</u>
Likely uncommitted pledge at January 31, 1966		157.5
Other loans under consideration		
Hindustan Allied Fertilizer	20	
TISCO	60	
Haldia Port	20-32	
Goa Port	12-15	
Uttar Pradesh Tubewells II	Amount Uncertain	
Sone Irrigation	Amount Uncertain	
Hooghly River Bridge	Amount Uncertain	
Bombay-Poona Road	Amount Uncertain	
Forestry and Fisheries	Amount Uncertain	
Birla-Armour Fertilizer	Amount Uncertain	

India: IDA

Carry-over from earlier pledges as at April 1, 1965		45.0
Credits signed since April 1, 1965 to date		100.0
1965/66 pledge		<u>140.0</u>
Balance to be committed		85.0
Credits likely to be signed by January 31, 1966		
Bangalore Water	<u>25.0</u>	<u>25.0</u>
Likely uncommitted pledge at January 31, 1966		60.0
Other credits under consideration		
Railways		<u>60.0</u>
		<u>-</u>

[Signature]

Pakistan: Bank

Carry-over from earlier pledges as at July 1, 1965	14.4
Loan signed since July 1, 1965 to date: PICIC	30.0
Pledge now <u>over</u> committed	<u>15.6</u>

Other loans under consideration

Ghorasal Fertilizer

Amount Uncertain

Sui Gas

15.0

Pakistan: IDA

Carry-over from earlier pledges as at July 1, 1965	24.0
--	------

Credits likely to be signed by January 31, 1966

Commercial vehicles

24.0

Road Engineering

1.0

Foodgrain Storage

17.0

42.0

Likely overcommitment January 1, 1966
(Assuming no 1965/66 pledge by then)

18.0

Other credits under consideration

Education

15-20

Lahore Water

15

Telecommunications

5-10

South Asia Department

SNMcIvor:ptv

October 15, 1965

Memo.-Evaluation of 4th
5 Year Plan-Mr. Wishart

OFFICE MEMORANDUM

STRICTLY CONFIDENTIAL

TO: Files

DATE: October 11, 1965

FROM: G. C. Wishart

SUBJECT: India--Evaluation of Fourth Five-Year Plan, 1966-71

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WBG ARCHIVES

1. Mr. Woods had a meeting in his office at the Bank on October 6, 1965, at 5:15 p.m., with the following Indian officials: Mr. S. Bhoothalingam, Secretary, Ministry of Finance, Mr. I.G. Patel, Chief Economic Adviser, Mr. K.S.S. Rajan, Bank Executive Director and Mr. S. Guhan, Bank Alternate Executive Director. Mr. Woods was accompanied by Messrs. Wilson, Friedman, de Lattre, B. Bell, Stevenson and Wishart.

2. Mr. Woods opened the meeting by referring to a proposed Bank economic mission, to be headed by Mr. B. Bell, which would visit India during the fall of 1965 to evaluate the Indian Fourth Five-Year Plan. He understood that Mr. Bhoothalingam had already had discussions regarding the work and timing of the mission with Mr. Bell and the appropriate people in the Bank. Mr. Bhoothalingam said that these discussions had resulted in a clear and agreed program being arrived at. The time schedule for the evaluation mission would be a tight one but he was confident that, with the cooperation of all concerned in the Bank, the timing envisaged could be adhered to.

Mr. Bhoothalingam added that he and his colleagues had also had discussions with the Managing Director of the International Monetary Fund and that agreement had been reached on a program required by the IMF.

3. Mr. Woods then emphasized the underlying assumptions on which the decision to send a Bank mission to evaluate the Fourth Plan had been reached. The Bank intended to continue to conduct its business with India on a basis as close to normal as possible. The Bank had adhered to this basis during the recent period when hostilities had broken out between India and Pakistan and before the "cease fire." Consequently, it was the Bank's intention to proceed with the evaluation of the Fourth Plan in a routine manner and without undue regard to recent happenings and the present condition of affairs. However, Mr. Woods said he must make it very clear that the Bank's evaluation of the Fourth Plan carried with it no implication as to the timing of the next meeting of the Indian Consortium, or even that further meetings of the Consortium would be held. If problems of a military or political nature influenced Consortium members to decide that they were unable to take part in further Consortium proceedings, then there was nothing that the Bank could do to alter that decision. While it would be unwise for the Bank to delay taking necessary steps to appraise the Fourth Plan in preparation for any further Consortium meetings, Mr. Woods wanted no misunderstanding on the point that the appraisal did not necessarily imply that future Consortium meetings will be held. Mr. Bhoothalingam assured Mr. Woods that it was fully understood by the authorities of the Government of India (GOI)

October 11, 1965

that the holding of Consortium meetings is a matter for decision by the members of the Consortium.

4. Further discussion then took place regarding the timing for the mission to evaluate the Fourth Plan. Mr. Bhoothalingam advised that GOI has still to make certain decisions as to the content of the Plan and the Plan in its final form will probably not be ready until mid-November. He suggested that Mr. Bell and his colleagues should arrive in India around November 15. Mr. Bell said this was satisfactory to him--starting at that time it would be impossible to produce an evaluation report for submission to a Consortium meeting in January. Mr. Wilson added that any possible Consortium meeting would require to receive the documentation, including the evaluation report, about one month before the date set for any meeting of the Consortium.

5. Mr. Woods said he would like to add a further word regarding the personal role of Mr. Bell. When Mr. Bell visits India in November, he will, to some extent, be wearing two hats. As already mentioned, he will be head of the mission to evaluate the Fourth Plan. At the same time, he will be continuing in his capacity as head of the mission which prepared a report on the Indian economy for the personal information of the President of the World Bank. A draft of the main section of the latter personal report was already in the hands of GOI, together with four out of the nine sector appendices. It was Mr. Woods's understanding that GOI is in sympathy with the main recommendations brought out in that personal report to him from Mr. Bell and his team. Mr. Bhoothalingam confirmed that this is so. When the Fourth Plan is submitted, the Bank would find that certain of the recommendations contained in Mr. Bell's report were reflected in proposed action under the Plan. In addition, GOI would be submitting to Consortium members with the Fourth Plan an accompanying memorandum, which would deal with further recommendations contained in the Bell report and indicate the lines GOI intends to follow. Certain decisions had still to be taken by GOI and Mr. Bhoothalingam hoped that these would be taken in time for full details to be included in that memorandum.

6. Mr. de Lattre hoped that in the Plan, or the accompanying memorandum, there would be a careful evaluation of the cost of liberalizing import controls. As program aid (as distinct from project financing) is being requested to enable the liberalization program to go forward, a good case must be prepared and that case must be persuasive. In addition, Mr. de Lattre hoped that all the points raised in the Bell report would be covered, such as the need to encourage tourism, etc. Mr. Bhoothalingam agreed and said that it was the intention to have all matters fully covered in the Plan or in the accompanying memorandum. In addition, there might be a further letter, which would have restricted circulation, setting out the more confidential undertakings and intentions of GOI.

7. In summing up this part of the discussion, Mr. Woods urged again that GOI in no way gives out the impression that the date for a further meeting of the Consortium had been agreed or promised. GOI is aware of the views

of certain of the important members of the Consortium and it would be unrealistic for GOI to expect a further Consortium meeting unless the present situation changed. Mr. Bhoothalingam said he entirely understood.

8. Before the meeting broke up, Mr. Woods said that he would like to consider with Mr. Bhoothalingam what more the Bank could do, at the present time, to live up to the Bank's intention to carry on business with India as close to normal as possible. Mr. Stevenson listed the projects which are already well advanced and which might be processed to the Bank/IDA Boards in the near future. These are the Indian Iron and Steel Company project, the Koyna hydroelectric power project and the Bangalore water project. In addition, there would be a mission going out to India to study transportation requirements.

9. Mr. Patel asked whether the Bank could not assist India in meeting its immediate fertilizer needs. Mr. Woods said that he was deeply disappointed at the delays which had occurred over the past five years in pushing on with the fertilizer projects which India so badly needs. He was not prepared to even indirectly encourage further delays by assisting in the finance of purchase of fertilizers. He would, however, be willing to cooperate to the extent of saying that the Bank would consider financing the interim purchase of fertilizers for distribution and use in anticipation of production in new projects, as soon as such new projects are financed and are clearly started on their construction period of two years. A discussion then took place as to the new fertilizer projects which are under active preparation in India and the following projects were mentioned:

KANPUR

Sponsored by Imperial Chemicals Industries through their associated company, Indian Explosives. ICI has had some preliminary discussions with IFC about this project.

KOTHAGUDEM

Sponsored by Allied Chemicals.

GOA

Sponsored by the Birla Company--understood that IFC had been approached regarding this project. Foreign partner ARMOUR of United States.

MADRAS

Foreign partner is believed to be a subsidiary of Standard Oil of Indiana.

10. Mr. Woods said that in respect of these new projects, the Bank might be prepared to help bridge the gap until their fertilizer production is available. It would be essential to have a list of the projects with a full description of their status. Mr. Patel stated this information was already in preparation and Mr. Bhoothalingam promised to give it to Mr. Stevenson. (It was agreed later with Mr. Patel that he would spend a day in Washington at the conclusion of his New York visit to discuss this matter further with Mr. Stevenson.)

cc: Messrs. Woods, Knapp, Wilson, Friedman, Stevenson, de Lattre, Bell

GCW:GDW:ml

Mr. George D. Woods

October 1, 1965.

G. M. Wilson

(Signed) G. M. Wilson

India/Pakistan

Mr. Macomber called me this morning to tell me of conversations which he and Mr. Gaud had had during the last few days with the Germans and British and also with Mr. Bhoothalingam.

Mr. Gaud had told the Germans and British that there were a good many question marks in relation to the U.S. attitude to India and Pakistan, e.g. was the fighting really over, how strong was the tendency in both countries to divert resources to rebuilding military strength, what had been the effect of the fighting on economic requirements? The United States would want to have some better understanding at any rate on these points before they would be prepared to enter into fresh commitments with either country. Both India and Pakistan had tended to take for granted that massive assistance would be forthcoming from the U.S. and it was time that this assumption was shaken.

The British reaction had been that there would probably be conflicting views within their own Government about what should be done next. There were no further loans in prospect at the moment.

The Germans from the Economic Department (Sonnenhof, Ministry for Economic Cooperation) and Keiser, (Ministry of Economic Affairs) had been sympathetic to the American attitude. The representative from the Foreign Ministry was much less so; politically, the Germans were very pro-Pakistan and they are worried at being in a less than neutral position as between India and Pakistan.

Mr. Gaud or Mr. Macomber would be talking to the Canadians later today.

Something of the same thoughts had been conveyed to Mr. Bhoothalingam, though in less specific terms. He had, however, been told that under present circumstances, even when Congress had gone home, the United States would not be prepared to make further aid commitments. No time limit had been mentioned. Mr. Bhoothalingam had been told that, even if the political questions were cleared up, the U.S. Government would still be concerned about the economic policies which were under discussion between India and the Bank and Fund.

Mr. Macomber told me that no commitments of fiscal 1966 funds were being made to any country until Congressional action was completed. When it was completed, commitments to other countries would go ahead but commitments for India and Pakistan would not be made for the time being.

c.c. Mr. Knapp
Mr. de Lattre
Mr. Stevenson
Mr. Bell.

REPORT ON NEW PROJECTS UNDER ACTIVE CONSIDERATION

REPORTING COUNTRY - Canada
REPORTING PERIOD - June/September 1965

COUNTRY - India

DESCRIPTION OF PROJECT

ESTIMATED FOREIGN
EXCHANGE COST

1. Indian Aluminum Company (INDALUCO) -

Sale and export of engineering and procurement
services and equipment for expansion of West
Coast Smelter Project

Cdn.\$ 24.2 million

Approx. \$US. 22.3 million
ECIC - \$Cdn. 5.5 million
EXIM - \$Cdn. 12.8 million
ALCAN - \$Cdn. 5.9 million

2. President of India -

Sale and export of engineering and procurement
services and equipment for Rajasthan Atomic
Power Project Stage II.

\$Cdn. 34.5 million

Approx. \$US. 31.74 million

No projects reported in previous quarters have been dropped from active
consideration.

Files

September 30, 1965

Romano Pantanali

Second Talk with Mr. L.K. Jha

1. Following the meeting I had with him on Monday, I went to see Mr. L.K. Jha again on Thursday afternoon.
2. Mr. Jha told me that over the last three days very little significant political development has taken place. However, it was worth noticing that the cease fire had actually become effective, following the arrival of the UN observers. The atmosphere was more relaxed and his feeling was that a gradual evolution towards "normal life" in the subcontinent would now begin. The path to normality is by no means an easy one, as public opinion in both India and Pakistan is still rather excited, and, in the atmosphere of distrust which naturally inspires Indo-Pakistan relationships at the present moment, utmost care should be exercised to prevent not unlikely incidents to give way to larger crises. [A lot depends, in his view, on whether Pakistan would lean further towards China or would rather take at least a little more pro-Western attitude than was the case until last week.]
3. In Mr. Jha's view it would still take a period of eight to ten weeks, on the assumption that all goes well, before life in the subcontinent will go back to what one would like to describe as "normal". This, however, need not stop thinking in Government about economic policy matters. In fact, the Bell Mission papers were being actively considered within the Finance Ministry. Mr. Jha said he was very interested in reading the papers himself, but he had not been given a copy so far. He thought perhaps I could spare one of mine for him. I told Mr. Jha that unfortunately I did not have a copy of the documents myself as yet.
4. Mr. Jha went on to say that, as soon as Mr. Boothalingam came back from Washington, the Finance Minister and Mr. Battacharya will be able to discuss their views of the documents with him, and he hoped that considered comments of the Government on the Bell report would be formulated in a relatively short period of time so that the dialogue with the Bank, which was postponed by the military events, in the Punjab, could be resumed.
5. Finally Mr. Jha enquired as to whether any estimate was now possible as to the period of time which will be required to negotiate a fertiliser import credit. I said that, as he was aware, the Bank had agreed in principle to it. Personally I had no way of judging whether the "abnormal" circumstances in the subcontinent could eventually be a cause of delay of the operation. Mr. Jha said he obviously understood this. In any case, my understanding of where the matter stood is that I was supposed myself to take to Washington a note prepared by Mr. Krishna Moorthi which was

meant to provide a first round of information required by us to identify and appraise the project. This note was to be ready for the closing of business today and I plan to deliver it to Mr. Stevenson next Monday.

cc: Mr. Stevenson ✓
Mr. Bell

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AUG 27 2013

WBG ARCHIVES

Letter No. 269 (Confidential)

September 30, 1965

Mr. Bernard Bell
 I.B.R.D.
 1818 H Street, N.W.
 Washington, D.C. 20433

Dear Bernie,

1. You will recall that the day after the Second Finance Bill was presented for approval to Parliament, I cabled Sandy giving a few data of analysis which were meant to illustrate the economic significance of the measures recently introduced.

2. The data, which I had hastily got from I.G. Patel, were approximately as follows:

	(Rs. Crores)
(1) value of dutiable imports affected by the Second Finance Bill in 1964/65	900
(2) value of import duties levied on those imports according to levies charged prior to February 1965	300
(3) revenue from 10% regulatory duty of February 1965	90
(4) additional revenue expected from duties introduced by Second Finance Bill	180
(5) = (3) + (4)	270
From which the degree of devaluation introduced since February 1965 worked out as follows:	
(6) = (1) + (2)	1,200
(7) = (1) + (2) + (5)	1,470
(8) = (7) : (6)	122

3. The Ford Foundation has recalculated these figures on a more detailed basis and the results of their enquiry is approximately as follows:

	Rs. crores
(1) value of dutiable imports affected by Second Finance Bill in 1964/65	870
(2) value of import duties levied on (1) prior to February 1965	220
(3) value of import duties leviable on (1) after introduction of Second Finance Bill	470
(4) value of countervailing duties introduced with Second Finance Bill properly classified as such	50
(5)=(1)+(2)	1,090
(6)=(1)+(3)+(4)	1,390
(7)=(6):(5)	128

4. With respect to the import duties barrier as existing in 1964/65, the Second Finance Bill is then equivalent to a devaluation of about 28%. With respect to the level of duties existing at the time of the first Finance Bill 1965, the extent of devaluation is only 16%. These figures relate to the total value of dutiable imports as defined under the Second Finance Bill 1965 only, and do not refer to the total value of imports in the country, inclusive of non-dutiable items. Figures related to this latter total work out at 19% and 9% respectively.

Yours sincerely,

Romano Pantanali

cc: Mr. Stevenson ✓

FORM No. 75
(2-66)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

INTERNATIONAL DEVELOPMENT
ASSOCIATION

ROUTING SLIP

Date

11/3/65

NAME

ROOM NO.

~~Mr. Votaw~~

~~611~~

~~Mr. Russell~~

~~Mr. Lee~~

Op Files

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

~~Thank you very much~~
~~H. Paulson~~

From

H. Paulson

2nd Comm.

OFFICE MEMORANDUM

TO: Mrs. Helen W. Paulson

FROM: Gregory Votaw *GV*

SUBJECT: INDIA - Netherlands Submissions for Quarterly Report

DATE: September 28, 1965

I am returning herewith the Netherlands submissions for the periods ending June 30, 1965, March 31, 1965, December 31, 1964 and September 30, 1964, which were sent to you last month. I am also sending reports for the periods ending June 30, 1964 and December 31, 1963. There are no other reports from the Netherlands on our files.

Enclosures.

GV/wh

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AUG 27 2013

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September 27, 1965

CONFIDENTIAL

Romano Pantanali

Talk with L.K. Jha

1. I went to see Mr. L.K. Jha this morning and told him that, as I was going back to Washington for consultations, I thought it would be useful for me to talk to him informally and get a feeling of his assessment of the situation after the cease fire. I added that, in view of the difficulties with airline schedules, the urgency of this meeting was somewhat less than I thought when I asked to see him on Monday, because I was now scheduled to leave on Friday. Mr. Jha said he was very glad to talk to me before my departure, and, as the political situation evolves every twentyfour hours, he would rather like to talk to me again as late as possible before I left. He therefore asked me, if I was leaving on Thursday, to call on him again on Wednesday, and, if I was leaving on Friday, he said he would very much like to see me again on Thursday.

2. Mr. Jha went on to say that it was difficult to say something as to the consequences of the Indo-Pakistan crisis on the Indian economy, and on the Government's policy in the economic field, particularly in view of the doubts, that were still very much there, as to whether any of the main donor countries were going to use economic pressures on either India or Pakistan in order to induce them to take certain political lines for the settlement of the recent crisis. Only when it is clear that this will not be the case with India, could a normal dialogue be restored on the program for economic assistance.

3. As to effects on the economy, other than those depending on foreign aid availability, Mr. Jha made the following points:

- (i) he hoped that the defence budget would not have to be increased too much, though this could not be decided upon before it was clear what the cease fire actually meant;
- (ii) internal resource mobilisation will be easier, and so, he hoped, the decision-making machine in the country will improve, under the shock of external threat;
- (iii) more will have to be done to promote exports. He was rather emphatic on this point. Further measures had so far been stuck by a dispute between Finance and Commerce as to the ways and means that would do the trick, but he thought the emergency should clear the way to a common line of action rather quickly now;

- (iv) on the import side, Mr. Jha said, Government are not considering, at this juncture, doing anything more than what they had done already with the Second Finance Bill.

4. Mr. Jha also mentioned that, in view of the uncertainties about the size of foreign aid that will be forthcoming under the present rather precarious political constellation, there are people in Government who argue that the Fourth Plan should accept a lower target of growth compatible with less foreign exchange resources: this should be intended for a period of some 18-24 months, or for as long as the critical relationships between India and Pakistan are likely to continue to exert their effects on the goodwill of the main donor countries. Mr. Jha did not make any comments of his own on this approach.

5. Mr. Jha also said that Government was determined to push through with priority to agriculture even more now than before the crisis began. In this connection, I mentioned that the Bank had recently changed its previous attitude towards making available some of its assistance to India for financing fertiliser imports. Mr. Jha said he had heard this from the Finance Ministry and was hoping that a project in this field could readily be identified.

cc: Mr. Stevenson ✓
Mr. Bell

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Mr. Stevenson.

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September 28, 1965

Romano Pantanali

Interview with Mr. C. Subramaniam

1. Mr. C. Venkitaraman called me up last week to say that he thought it might be a good idea if I saw the Food Minister before going to Washington. He arranged for a meeting at his residence for Monday, September 27.
2. At this meeting, where Mr. Venkitaraman was also present, Mr. Subramaniam told me that he thought the main consequence of the Indo-Pakistan crisis on economic matters was to reinforce Government in their belief that utmost priority should be given to agricultural production, second only to defence requirements. In his own view, the Minister said, this could be meaningful if not only financial, but, above all, human resources, in terms of good management and administration, were put into the process. This is what he has been trying to achieve in recent months, and he hopes to find this job easier now, under the new circumstances in view of the sense of urgency which prevails in the country and within the Government. Of course, the Minister said, priority to agriculture should also mean priority in allocating the required inputs to the production process. Fertilisers was a crying need, but other factors of production should also be present at the same time, if maximum benefit should come from their use.
3. For this reason, the Minister went on to say, he had conceived of a program which is designed to achieve a leap forward in foodgrain production, the tightest bottleneck to growth of the economy, and the weakest point of India's political, as well as economic equilibrium. The basic idea is to promote growth of selected areas in the country, where a package comprising of improved seeds, fertilisers, pesticides, water, and credit should be made available to cultivators up to the full satisfaction of demand to ensure that no lack of one factor of production would impede the full benefit of the others. The availability of these factors of production is to be backed fully with improved extension services. The emphasis was to be put on productivity. In this connection, the Minister said that they were prepared to tackle only the best farmers in each of the selected areas, that is, farmers owning 5 acres of land or more, in order to achieve higher production rates and to ensure that the marketable surplus is proportionally higher than if the same facilities were provided to smaller farmers. This, he said, could not be explicitly stated as official policy for political reasons, but he was determined to see to it that it will be carried on in practice.
4. The program is now under implementation with respect to improved seed farms, particularly as regards rice and wheat. The first shipment of the new "mexican" wheat variety is arriving in Bombay on October 4th. The

selection of the areas for the application of this comprehensive program has already been made, so that the Minister hoped to begin the operation with the next kharif crop on a substantial area which he hopes will be steadily increased during the Fourth Plan period.

5. The Minister said that, at this stage, his main concern was availability of fertiliser to supply the selected areas where pest control, improved seeds, water and credit was to be made available and the extension service strengthened. He hoped the Bank could help this program if it could be persuaded to review its position and agree in principle to financing fertiliser imports. I said that I was glad to be able to inform the Minister that the Bank had indeed acceded in principle to India's long-standing request for this kind of finance. In fact, we had already asked the Finance Ministry for data to support the request for a fertiliser import project, which we were tentatively considering along the lines of a "seeding" program for factories under construction, or for which firm agreements for their financing had already been reached. Mr. Subramaniam said this was the traditional "seeding" approach, which has a lot to be said for it, but he hoped that his Ministry could prove a point in favour of their more comprehensive program. I said that the Minister's ideas were quite interesting, and would be glad to pass them on to the people concerned with the working out of a fertiliser credit project in the Bank when in Washington next week. The Minister said he had written to Mr. Freeman, the U.S. Secretary of Agriculture, outlining his ideas in this field. In view of the Bank's interest in financing imports of fertilisers, he may consider now writing to Mr. Woods also along the same lines.

6. Mr. Venkitaraman raised a more general point, namely, that some speculation had been made in the Press, and also some statements issued by leading Indian politicians 1/ according to which India should try and work out a way to live with less foreign aid than in the past, so as to be politically less dependent on foreign parties at times of crisis. Mr. Subramaniam said in this connection that this position was not approved of by the majority of the Cabinet. Indeed, Mr. Shastri, Mr. Asoka Mehta, Mr. Krishnamachari, and himself were holding the line that no less developmental effort should be made now than before, and, if foreign aid was forthcoming from friendly countries and institutions, India should not refuse it on merely political grounds. This position was very strong in Cabinet and indications as to the possibility that other opinions could prevail should for the time being be disregarded.

cc: Mr. Stevenson ✓
Mr. Bell

1/ Mrs. Indira Gandhi did make a public statement to this effect yesterday evening.

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AUG 27 2013

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ma. Stevens

Files

September 27, 1965

CONFIDENTIAL

Romano Pantanali

Interview with Mr. Asoka Mehta

1. On Saturday, September 25, I went to see Mr. Mehta in his office in the Planning Commission. As a matter of introduction, I told him that I was going back to Washington for consultations and I thought it might be useful for me to have an informal talk with him to grasp his assessment of the situation after the recent Indo-Pakistan fight and following the cease fire. Mr. Mehta said he was glad to have this opportunity and went on to say the following things:

(1) In his view, the Indo-Pakistan conflict should not really affect the Plan in its major lines as they were agreed upon before the start of hostilities. If at all, an even greater determination is there now to push through a Plan of the size which Government was talking about at the end of August. There is some talk of giving priority to defence, but what this will mean in practice has yet to be determined. It certainly cannot mean, in Mr. Mehta's view, any less priority to things such as agricultural production and the related fertiliser program which would be even more urgently needed now than before if the country was to be kept in a state of alertness. Similarly, Mr. Mehta said, it cannot mean less emphasis on steel or special steels, which would be required by the economy even to a larger extent if more were to be spent on defence than previously expected.

(2) One beneficial effect of the crisis (if one could talk in this way) was, in Mr. Mehta's view, the fact that the States were now more prepared to make an effort to raise resources than before. Professor Thacker had left on Friday for a tour of the States to find out to what extent they were actually prepared to introduce measures to fill the gap in local resources which the first rough draft of the Plan was contemplating.

(3) The big problem, of course, in Mr. Mehta's view was the availability of foreign exchange. Whether they would be able to get the 4,000 crores estimated requirement which was arrived at before the recent crisis (which was not quite clear even a month ago), was even more doubtful now. He was personally very worried about this, and about the possibilities of political considerations that would come in the way of India's getting the resources required by her developmental effort. It was, of course, much too early to talk about this, and he was not prepared to venture any forecast at this stage. He was, however, prepared to say that, if political considerations were not to come in the way, and as far as his own position within the Indian Government was concerned, he thought that the kind of dialogue that was going on between the Indian Government, the Bank and the U.S. Government should possibly be resumed rather quickly from where it was at the end of August. In this connection, Mr. Mehta said

that he thought Mr. Bell and Mr. de Lattre had emphasised five major points during their discussions with him in June, namely: (i) that priority should be given to agriculture; (ii) that imports should be rationed by higher prices; (iii) that better incentives should be given to exports; (iv) that maintenance imports should be liberalised; and (v) that much more emphasis should be given to family planning. In Mr. Mehta's view, the present crisis does not affect the first three points in any adverse manner. Priority to agriculture, and to inputs into agriculture, was a point well taken, and fully acknowledged by the Indian Government. As far as the Planning Commission is concerned, he again emphasised that they thought the present situation would eventually call for more efforts in agriculture rather than less. On the second and third points, Mr. Mehta said that something has already been done, and he thought that more should and could be done along the same lines: perhaps as a consequence of the conflict with Pakistan, it would be politically easier to go further in that direction. As to the fourth point, Mr. Mehta said that the introduction of liberalisation measures did not only depend on the Indian Government's desire for a fruitful policy in this field. To achieve a market equilibrium of demand and supply for maintenance imports, it was not only sufficient to raise prices, unless it was to be done to an extent which would handicap the growth of the economy. The elimination of so many cumbersome controls, which are a real obstacle to further growth of the economy, would only be possible if a larger volume of maintenance imports was available. This, Mr. Mehta says, will have to come from more aid, and, at this stage of the game, there was little he could say, as Government were not sure of whether they were going to get even the present level of financial support from the consortium. As to the fifth point, Mr. Mehta said he was not sure at this stage whether the Indian Government, in view of the crisis with Pakistan, would be able to push through with as much publicity for family planning as they were hoping to be able to do before. This, however, should not be taken to mean that the country would not make as much of an effort as possible in this direction too.

(4) In connection with points (i) and (iv), Mr. Mehta also said that it would be very useful for India if the Bank were to agree to releasing some of their funds for financing fertiliser imports. He said he was personally taking an interest in the problem, and he was particularly worried about the need for building up demand for newly established units for fertiliser production in India before they come into production. He mentioned that he was going to Durgapur next week precisely to see how the "seeding" was going to be done. But, if there was no import of fertilisers in large quantities to build up a market for the new plants, there would be difficulties and disappointments when they went into production, and this would have a disturbing effect on the economy, on top of the reduced output of agriculture which would be the consequence of less availability of fertilisers than required. I told Mr. Mehta that I understood the Bank had agreed in principle to making available finance

for fertiliser imports, and that the Ministry of Finance had been told so a few days ago. We had indeed requested the Finance Ministry to collect the material required by us in order to frame a suitable project, precisely along the lines of the "seeding" program, which was the main concern Mr. Mehta himself was expressing to me.

cc: Mr. Stevenson ✓
Mr. Bell

Just Comment

Mr. Alexander Stevenson

September 22, 1965

Gregory Votaw

INDIA - Consortium Pledges

You asked for the following data:

	<u>IBRD</u> a/ (\$ million)	<u>IDA</u>
1965/66 pledge (announced April 21, 1965)	105	140
Carryover from earlier pledges (as on April 1, 1965)	234.5	45
Value of agreements signed since April 1, 1965	134	100
Balance to be committed	205.5	85

a/ Excluding \$23 million for Indus Equipment (Beas)

GV
GVotaw/pd

PRESS CLIPPING SHEET

File
Ind Com

ROUTING LIST		ROOM	FROM		COUNTRY	FILE
1.	<i>Robert</i>		O. J. McDiarmid	616	india	
2.	<i>Bonith</i>		One of the following MUST BE CHECKED before returning the attached clipping to Research Files:			SOURCE
3.			RETAIN 6 MONTHS	☐	Financial Times	
4.			RETAIN 1 YEAR	☐		
5.			RETAIN (SPECIFY)	_____ YEARS	DATE	
6.	RESEARCH FILES		DISCARD	☐	September 18, 1965	

INDIA'S ECONOMIC PLANS IN DOUBT PRIORITIES WILL HAVE TO BE ALTERED

From Our Special Correspondent

NEW DELHI, Sept. 17.

Mr. T. T. Krishnamachari, Indian Finance Minister, yesterday made it clear that he fully realises the war with Pakistan may, by prejudicing prospects of foreign aid and investment, throw India's development programme back on to the country's own—and limited—resources.

In an exclusive interview with THE FINANCIAL TIMES, the Minister indicated he was especially doubtful about how the U.S. was going to react. He could even envisage an end to supplies of American wheat under P.L.480. In the first six months of this year, India received 2.85m. metric tons of food-grains under these preferential terms.

However, Mr. Krishnamachari does not think that India's Fourth Plan, scheduled to begin next April, must now be discarded. His present thinking—decisions will, of course, depend on the turn of events—is that the Plan can stand, but that priorities will have to be adjusted during perhaps the first two of its five-year-term.

It will be noted that Mr. Krishnamachari's position has all along been that the Plan must be tailored to the foreign exchange resources available. At one time he was apparently over-ruled, but the war will inevitably reopen the debate about the merits of a Plan which has frequently been criticised for over-ambition and which for

example requires foreign investment of £3,000m.

Mr. Krishnamachari's plans to mobilise resources for the Plan have already been directly impeded by the fighting. He should now have been in Washington—he had an interview with President Johnson yesterday—and it was expected in Western circles that he would have used the forthcoming I.M.F. meeting for informal talks on the Indian foreign exchange crisis and the possible re-scheduling of foreign debt.

This meeting also would have been an opportunity for the discussion of next year's P.L.480 supplies and perhaps a preliminary sounding for the plans on foreign aid requirements. Mr. Krishnamachari will not now go to Washington. (Nor to the Commonwealth Finance Ministers Meeting at Kingston), unless the fighting stops.

CONSORTIUM AID PROSPECTS

The Minister was not optimistic about the prospects at the Aid-India consortium meeting next January. He said he was opposed to the idea of consortium aid and preferred to enlist foreign aid through bilateral agreements. In any case, he was pessimistic about the attitude President Johnson would take about continuing U.S. aid (the Minister is no doubt aware that there have recently been other tensions between Washington and Delhi about Indian economic policy).

India could manage if necessary, he said, with a smaller dose of foreign aid. Not even the suspension of P.L. 480 wheat would destroy India.

He did not hold out much higher hopes of Britain, and he was no doubt aware of yesterday's Press reports that West Germany (third of the major consortium members) has been hinting it might revise its economic aid policy.

Mr. Krishnamachari's principal concern appears to be with India's shortage of raw materials—he specifically mentioned copper, special steels, sulphur and rock phosphate. This is particularly important in view of the widespread feeling here that India will have to maintain defence forces as a priority without outside help after the present war is over. The Minister made it clear he is not one of those who are beginning to argue that defence costs can be cut once the Pakistan military threat is destroyed.

He said he expects India will have

to give priority in planning to defence for 25 years because of the Chinese presence in the north.

Self-Reliance

Mr. Krishnamachari is apparently thinking of an Indian future policy as one based on self-reliance. Referring to the foreign exchange crisis, he does not think the I.M.F. is prepared to increase India's standby credit, and sees this as part of the recent unfriendly attitude of the Fund together with the World Bank. This, he said, is an aspect of the blinkered attitude predominant in capitalist circles towards India.

He stands by the long-stated policy that there will be no devaluation of the rupee. For the next couple of years the Finance Minister is thinking of a reassessment of plan priorities involving, he said, such possible measures as the promotion of sugar exports, concentration on boosting industrial output from present plant, a general export drive and, perhaps, stepping up cement production. India, he said, could not afford to stop growth.

Ind Consult

INCOMING CABLE

DATE AND TIME
OF CABLE:

SEPTEMBER 17, 1965

1745

LOG NO.:

WU 28

TO:

INTBAFRAD

FROM:

NEW DELHI

ROUTING

ACTION COPY: MR. STEVENSON
INFORMATION COPY:
DECODED BY: MG

TEXT:

✓
86 FOR STEVENSON

INFORMATION COLLECTED INFORMAL MEETING REPRESENTATIVES MAIN CONSORTIUM
MEMBERS AT LEWIS WEDNESDAY AS FOLLOWS:

PRIMO US AID HERE DISTINGUISHING BETWEEN PL 480 AND OTHER AID. NEW
AGREEMENT ON PL 480 WILL HAVE GO THRU AS QUICKLY AS SHIPMENT SECOND
INTERIM AGREEMENT OF ONE MILLION TONS ENDING TWO WEEKS. OTHER
AID CREDITS UNDER NEW CONSORTIUM PLEDGE UNLIKELY QUICKLY NEGOTIATED
WHILE WAR PERSISTS. LEWIS THINKS DISBURSEMENT ONE HUNDRED MILLION
DOLLARS IDA INDIA IMPORTS CREDIT MADE CONDITIONAL ON AVAILABILITY
ONE ZERO SIX MILLION DOLLARS AID MONEY FOR SAME PURPOSE; IF
AGREEMENT RELATIVE US AID CREDIT NOT FORTHCOMING WOULD LIKE KNOW
WHETHER OUR MONEY COULD TECHNICALLY STILL FLOW.

SECUNDO GERMANY LIKELY SIGN SOON AGREEMENT FOR TECHNICAL ASSISTANCE TO
PROTECT OWN PEOPLE IN MADRAS STATE. ROURKELAPOST PLEDGE ALREADY
AGREED. FRAME AGREEMENT FOR OTHER CREDITS STILL UNDER NEGOTIATION.
CANADA PROGRAM 65-66 STILL AT EARLY STAGE NEGOTIATION BUT NOW ORDER
RECEIVED THAT IT WILL SLOW DOWN. UK POSITION ALREADY REPORTED MY
CABLE 82.

_____ GARBLES IN CODE. TEXT SUBJECT TO CORRECTION.

*Ack Sept 20 cable
(Ind 78)*

INCOMING CABLE

DATE AND TIME
OF CABLE:

SEPTEMBER 17, 1965

1745

LOG NO.:

WU 28

TO:

INTBAFRAD

FROM:

NEW DELHI

ROUTING

ACTION COPY: MR. STEVENSON

INFORMATION
COPY:

DECODED BY: MG

TEXT:

PAGE 2

YEN CREDIT PROCEEDING NORMALLY AS ALREADY NEGOTIATED. MINISTER
FINANCE APPARENTLY RATHER CONCERNED WOODS STATEMENT BOARD MEETING
DISBURSEMENT BANK IDA COMMITMENTS INDIA AND PAKISTAN. KRISHNAMURTI
MAINTAINS NO MENTION MADE LOAN REGULATIONS THAT DISBURSEMENT MAYBE
STOPPED BECAUSE OF ACTS WAR. ALSO TOLD ME THAT MINISTER FINANCE
DECIDED NOT REPEAT NOT TO PARTICIPATE ANNUAL MEETING THOUGH
OFFICIAL ANNOUNCEMENT HELD FOR TIME BEING. REGARDS

PANTANALI

FCA

ROUTING SLIP

Date

16 Sept '65

NAME

ROOM NO.

② Mr. Stevenson

① (Through Mr. McLaughlin)

OK. [Signature]

③ Mr. Russell

To Handle

Appropriate Disposition

Approval

Comment

Full Report

Information

Initial

Note and File

Note and Return

Prepare Reply

Per Our Conversation

Recommendation

Signature

Send On

RE: KS This is ~~the~~ in response to the question
you raised. I think Sindara Rajan is
wrong, but this is not worth
an argument, especially we
can see that both Tables are
properly footnoted when we
cut the stencils. Besides
within a year or so we will
probably consolidate all Third
Plan aid into a single item.

From

*Ind Consort
file*

OFFICE MEMORANDUM

TO: Mr. Gregory Votaw

DATE: September 15, 1965

FROM: K.S. Sundara Rajan

SUBJECT: INDIA - Quarterly Report on Utilization of Aid

I have carefully considered the suggestion made in your memorandum dated August 25, 1965 on the above subject, but I feel that it will be best to let the present procedure of reporting ~~to~~ continue for the following reasons:

- (i) The subdivision of the ICICI and Kothagudam Power loans will not be factually correct and it might cause confusion.
- (ii) Same problem arises in respect of other consortium countries, particularly USA and we are not making any changes in respect of them.
- (iii) Footnote (k) to Table A-2 explains the position adequately.

*S. Sundara Rajan
15/9*

Form No. 75
(2-60)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

INTERNATIONAL DEVELOPMENT
ASSOCIATION

ROUTING SLIP

Date

16/12/65

NAME

ROOM NO.

Miss Kinsey

237

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

Betty:

Here are the original submissions for
the quarterly report on the Consortium for
April-June 1965.

From

Wendy

Ld Cant.

OFFICE MEMORANDUM

TO: Mr. Votaw

DATE: September 2, 1965

FROM: Donald D. Fowler

SUBJECT: Quarterly Reports on Aid to India

Attached is an addendum to the Quarterly Report on United States aid to India during the period April 1 - June 30, 1965, supplementing the report submitted by the U.S. Executive Director on August 11, 1965.

gote

ADDENDUM - INDIA CONSORTIUM

UNITED STATES COMMITMENTS DURING THE QUARTER ENDED JUNE 30, 1965

Part B - New Commitments Signed During the Quarter Just Ended:

Add the following as item 3:

3. (a) Raw Materials, Equipment, Fertilizer, etc.
 - (b) Borrower: Government of India
Lender: A.I.D.
Dates: Authorized March 13, 1965; Signed June 17, 1965
Official Title: Non-Project Loan V
 - (c) Amount: \$190,000,000
 - (d) Purpose: To finance imports of raw materials equipment, fertilizers, and other goods necessary to Indian economic development.
 - (e) Interest: 1 percent per annum during grace period, 2½ percent thereafter.
 - (f) Terms: 40 years maturity including 10 years grace period.
 - (g) Forecast of Disbursements: Through December 31, 1966.

Mr. K.S. Sundara Rajan

August 25, 1965

Gregory Votaw

INDIA - Quarterly Report on the Utilization of Aid

1. In reviewing IND65-12, which was distributed on August 17, 1965, I notice one difficulty in Tables A-1 and A-2, which might well be corrected to avoid confusion in future. I refer particularly to the treatment of agreements signed against IBRD pledges for 1961/63, 1963/64 and 1964/65. The problem arises because agreements signed do not exactly round out the amount pledged for individual years. More specifically, Table A-1 indicates that IBRD has not committed \$24.5 million from the 1961/63 pledge, has over-committed itself by \$29 million against the 1963/64 pledge, and has committed nothing against the 1964/65 pledge. The difficulty is covered briefly, but I think inadequately, by footnote (k) to Table A-2.

2. For reporting purposes may I suggest that we split the Sixth Loan to ICICI into two parts -- \$24.5 million signed against the 1961/63 pledge and \$25.5 million against the 1963/64 pledge. Orders placed and amounts disbursed would then be noted against the 1961/63 pledge until the total amounts reached \$24.5 million, when they would begin to show against the 1963/64 pledge until the loan was fully utilized. Similarly the Kothagudem Power Loan would show \$9.5 million against the 1963/64 pledge and \$4.5 million against the 1964/65 pledge. These splits should be properly footnoted in Table A-1 as well as Table A-2. I have suggested that we list the three loans in that order so as to conform with the order in which they were approved and the serial numbers assigned them by the Bank.

cc: Mr. R. Russell

*GV*cas



Record Removal Notice

The World Bank Group
Archives
& Records Management

File Title India - General - Consortium Meetings - Correspondence - Volume 2 (meeting no. 12)		Barcode No. 1844618		
Document Date Aug 23, 1965	Document Type Memorandum			
Correspondents / Participants Mr. A. White, NESA / DP Evelyn L. Ripps, NESA / PL				
Subject / Title Indian Debt Service				
Exception No(s). ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☒ 7 ☐ 8 ☐ 9 ☐ 10 A-C ☐ 10 D ☐ Prerogative to Restrict				
Reason for Removal Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website. <table border="1"><tr><td>Withdrawn by Chandra Kumar</td><td>Date Sep 3, 2013</td></tr></table>	Withdrawn by Chandra Kumar	Date Sep 3, 2013
Withdrawn by Chandra Kumar	Date Sep 3, 2013			

OFFICE MEMORANDUM

TO: Mrs. Helen Paulson
FROM: Gregory Votaw *GV*
SUBJECT: INDIA - Netherlands Submission for Consortium Quarterly Report

DATE: August 19, 1965

Please find attached original submissions from the Netherlands
for the last four quarterly reports of the Indian Consortium.

Attachments.

GV/wh

July. Report
Utilization of Aid

Mr. Rosen 1 copy

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

DECLASSIFIED

AUG 27 2013

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IND 65-12

FROM: The Secretary

August 17, 1965

INDIA CONSORTIUM: QUARTERLY REPORT ON THE UTILIZATION OF AID

A report on the utilization of Consortium financial assistance to India, covering the quarter ending June 30, 1965, is attached. This report, prepared by the South Asia Department, follows the format approved at the Consortium meeting in March 1964.

Members receiving this report are asked to notify this office immediately of any errors or omissions.

Members are also reminded that their reports for the quarter ending September 30, 1965 will be due no later than October 31, 1965. In preparing these reports the format outlined in IND 64-10 (distributed April 10, 1964) should be followed.

Distribution:

Executive Directors for:

Austria	Italy
Belgium	Japan
Canada	Netherlands
France	United Kingdom
Germany	United States

For information:

President
President's Council
Executive Director for India
Department Heads (Other)
Resident Representative, India

Chairman, India Consortium
Director, South Asia Department

Embassy of Japan
Managing Director, IMF

I N D I A C O N S O R T I U M

QUARTERLY REPORT

ON THE

UTILIZATION OF AID

(April 1 - June 30, 1965)

South Asia Department
August 17, 1965

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ANNEX D. Corrections in the Quarterly Report for January/March 1965 (IND 65-11)	33

ANNEX A

THE VALUE OF AGREEMENTS SIGNED AND DISBURSEMENTS AGAINST
CONSORTIUM PLEDGES FOR THE THIRD PLAN

Table A-1 summarizes agreements signed, orders placed and amounts disbursed against pledges from each member of the consortium.

Table A-2 gives a project-by-project breakdown of orders placed and disbursements as of June 30, 1965. We have tried to list these projects in the same order as in previous quarterly reports.

A comparison with IND 65-11, which was circulated on June 15, 1965, indicates that during the April/June period agreements have been signed for an additional \$509 million, orders were placed for \$183 million and disbursements were \$220 million. Compared with the previous quarter this represents a substantial increase in the value of agreements signed; however, the rate of disbursement rose only slightly.

The table below shows the value of these items as reported for the last eight quarters.

<u>Quarter ending</u>	<u>Agreements signed</u>	<u>Orders placed</u>	<u>Disbursements</u>
(U.S. \$ million)			
June 30, 1965	509	183	220
March 31, 1965	71	138	214
December 31, 1964	131	446	255
September 30, 1964	358	174	157
June 30, 1964	146	221	200
March 31, 1964	290	318	181
December 31, 1963	283	107	153
September 30, 1963	120	--	140

TABLE A-1

SUMMARY OF THIRD PLAN AID TO INDIA:
PLEDGES, AGREEMENTS SIGNED, ORDERS PLACED AND AMOUNTS
DISBURSED, BY CONSORTIUM MEMBERS, AS OF JUNE 30, 1965

(US \$ million)

<u>Member</u>	<u>Pledges</u>	<u>Amount for which agreements have been signed</u>	<u>Value of orders placed</u>	<u>Amount dis- bursed</u>
Total, all pledges 1961/62 - 1965/66	<u>5,472.0</u>	<u>4,223.0</u>	<u>3,212.1</u>	<u>2,240.1</u>
1. Austria	18.0	13.8	12.0	7.3
2. Belgium	24.0	24.0	14.8	2.5
3. Canada	173.5	99.7	81.5	65.5
4. France	120.0	100.0	67.1	28.5
5. Germany	644.5	581.8	515.6	359.3
6. Italy	170.0	170.8	48.2	19.4
7. Japan	290.0	290.0	206.5	119.6
8. Netherlands	44.0	33.0	29.4	8.6
9. United Kingdom	518.0	448.0	411.9	281.4
10. United States	<u>2,285.0</u>	<u>1,667.4</u>	<u>1,277.5</u>	<u>960.9</u>
DLF/AID	NA	1,478.7	1,148.8	881.1
Ex-Im	NA	188.7	128.7	79.8
11. IBRD and IDA	<u>1,185.0</u>	<u>794.5</u>	<u>547.6</u>	<u>387.1</u>
IBRD	515.0	309.5	134.4	98.7
IDA	670.0	485.0	413.2	288.4
Subtotal, 1961-63 pledges	<u>2,365.0</u>	<u>2,313.3</u>	<u>2,135.5</u>	<u>1,739.3</u>
1. Austria	5.0	5.0	5.0	4.5
2. Belgium	10.0	10.0	10.0	2.5
3. Canada	61.0	58.8	57.4	49.0
4. France	60.0	60.0	43.6	28.5
5. Germany	364.0	363.9	359.4	303.1
6. Italy	53.0	53.8	38.9	19.4
7. Japan	105.0	105.0	105.0	100.3
8. Netherlands	11.0	11.0	11.0	8.6
9. United Kingdom	266.0	266.0	259.0	179.9
10. United States	<u>980.0</u>	<u>954.3</u>	<u>896.1</u>	<u>794.4</u>
DLF/AID	857.4	857.7	802.8	717.0
Ex-Im	122.6	96.6	93.3	77.4
11. IBRD and IDA	<u>450.0</u>	<u>425.5</u>	<u>350.1</u>	<u>249.1</u>
IBRD	200.0	175.5	134.4	98.7
IDA	250.0	250.0	215.7	150.4

(continued)

Table A-1 (cont'd)

<u>Member</u>	<u>Pledges</u>	<u>Amount for which agreements have been signed</u>	<u>Value of orders placed</u>	<u>Amount dis- bursed</u>
Subtotal, 1963/64 pledges	<u>1,052.0</u>	<u>1,016.5</u>	<u>748.2</u>	<u>362.6</u>
1. Austria	7.0	7.0	6.2	2.0
2. Belgium	10.0	10.0	4.8	--
3. Canada	30.5	23.5	15.0	9.0
4. France	20.0	20.0	20.0	--
5. Germany	99.5	99.5	80.1	26.9
6. Italy	45.0	45.0	9.3	--
7. Japan	65.0	65.0	61.7	16.6
8. Netherlands	11.0	11.0	11.0	--
9. United Kingdom	84.0	84.0	79.7	52.6
10. United States	<u>435.0</u>	<u>377.5</u>	<u>325.4</u>	<u>157.8</u>
DLF/AID	NA	320.2	307.0	156.7
Ex-Im	NA	57.3	18.4	1.1
11. IBRD and IDA	<u>245.0</u>	<u>274.0</u>	<u>135.0</u>	<u>97.7</u>
IBRD	105.0	134.0	NA	--
IDA	140.0	140.0	135.0	97.7
Subtotal, 1964/65 pledges	<u>1,028.0</u>	<u>754.5</u>	<u>290.6</u>	<u>122.5</u>
1. Austria	1.0 ^{a/}	0.9	0.8	0.8
2. Belgium	--	--	--	--
3. Canada	41.0	17.0	8.7	7.1
4. France	20.0	20.0	3.5	--
5. Germany	95.0	95.0	52.7	22.5
6. Italy	36.0	36.0	--	--
7. Japan	60.0	60.0	39.8	2.7
8. Netherlands	11.0	11.0	7.4	--
9. United Kingdom	84.0	84.0	59.2	40.4
10. United States	<u>435.0</u>	<u>335.6</u>	<u>56.0</u>	<u>8.7</u>
DLF/AID	NA	300.8	39.0	7.4
Ex-Im	NA	34.8	17.0	1.3
11. IBRD and IDA	<u>245.0</u>	<u>95.0</u>	<u>62.5</u>	<u>40.3</u>
IBRD	105.0	--	--	--
IDA	140.0	95.0	62.5	40.3

(continued)

Table A-1 (concluded)

<u>Member</u>	<u>Pledges</u>	<u>Amount for which agreements have been signed</u>	<u>Value of orders placed</u>	<u>Amount dis- bursed</u>
Subtotal 1965/66 pledges	<u>1,027.0</u>	<u>138.8</u>	<u>37.8</u>	<u>15.7</u>
1. Austria	5.0	1.0	--	--
2. Belgium	4.0	4.0	--	--
3. Canada	41.0	0.4	0.4	0.4
4. France	20.0	--	--	--
5. Germany	86.0	23.4	23.4	6.8
6. Italy	36.0	36.0	--	--
7. Japan	60.0	60.0	--	--
8. Netherlands	11.0	--	--	--
9. United Kingdom	84.0	14.0	14.0	8.5
10. United States	<u>435.0</u>	<u>--</u>	<u>--</u>	<u>--</u>
DLF/AID	NA	--	--	--
Ex-Im	NA	--	--	--
11. IBRD and IDA	<u>245.0</u>	<u>--</u>	<u>--</u>	<u>--</u>
IBRD	<u>105.0</u>	--	--	--
IDA	<u>140.0</u>	--	--	--

a/ The pledge is for \$0.85 million. \$1 million is shown as rounded figure, since it is also being shown by IBRD in Consortium press releases.

Source: Government of India

TABLE A-2

DETAILS OF CONSORTIUM ASSISTANCE
VALUE OF ORDERS PLACED AND AMOUNTS DISBURSED
UNDER VARIOUS AID AGREEMENTS AS OF JUNE 30, 1965

(US \$ million)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Grand Total	<u>4,223.0</u>	<u>3,212.1</u>	<u>2,240.1</u>
Subtotal, 1961-63 pledges	<u>2,313.3</u>	<u>2,135.5</u>	<u>1,739.3</u>
Austria, subtotal	<u>5.0</u>	<u>5.0</u>	<u>4.5</u>
Credit for capital goods	<u>5.0</u>	<u>5.0</u>	<u>4.5</u>
Belgium, subtotal	<u>10.0</u>	<u>10.0</u>	<u>2.5</u>
Suppliers' credits	<u>10.0</u>	<u>10.0</u>	<u>2.5</u> a/
Canada, subtotal	<u>58.8</u>	<u>57.4</u>	<u>49.0</u>
Loans, subtotal	<u>23.4</u>	<u>22.2</u>	<u>15.7</u>
Rana Pratap Sagar Hydro-electric project	7.4	7.1	4.9
Indian Aluminium Co. Expansion I	0.9	0.9	0.9
Diesel Locos for Indian Railways	7.1	7.1	7.1
Binani Zinc Smelter	1.5	1.5	0.3
Indian Aluminium Co. Expansion II	0.8	0.4	0.2
Wind Tunnel Project	3.9	3.4	2.1
Amco Furnace for Durgapur Alloy Steel Project	1.8	1.8	0.2
Grants, subtotal	<u>35.4</u>	<u>35.2</u>	<u>33.2</u>
France, subtotal	<u>60.0</u>	<u>43.6</u>	<u>28.5</u>
First Credit for Third Plan	30.0)		
Second Credit for Third Plan	20.0)	43.6	28.5 b/
IFC Credit	10.0	--	--
Germany, subtotal	<u>363.9</u>	<u>359.4</u>	<u>303.1</u>
Credits DM 230, DM 100 and DM 170 million) in 1961	171.3	171.3	171.3
Plus DM 85 and DM 100 million in 1962)			
DM 56 m. credit for Rourkela services	14.0	14.0	7.8
DM 107 m. credit for Projects	26.8	26.8	26.8
DM 75 m. credit for Commodities	18.8	18.8	16.6
DM 20 m. credit for ICICI	5.0	4.3	3.5
DM 25 m. for IFC	6.2	3.1	1.3
DM 5 m. for NSIC	1.3	0.6	--
DM 82 m. credit for infrastructure projects	20.5	20.5	20.5
DM 400 m. credit for Rourkela Expansion	100.0	100.0	55.3

(continued)

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Italy, subtotal	<u>53.8</u>	<u>38.9</u>	<u>19.4</u>
ENI credit for Petroleum projects	<u>45.0</u>	<u>30.9</u>	<u>11.9</u>
Montecatini credit for Madras Aluminium	8.8	8.0	7.5
Japan, subtotal	<u>105.0</u>	<u>105.0</u>	<u>100.3</u>
34.2 billion yen credit for Capital goods	<u>95.0</u>	<u>95.0</u>	<u>90.3</u>
Suppliers' credit for Textile Machinery	10.0	10.0	10.0
Netherlands, subtotal	<u>11.0</u>	<u>11.0</u>	<u>8.6</u>
Credit for Capital Goods	<u>11.0</u>	<u>11.0</u>	<u>8.6</u>
United Kingdom, subtotal	<u>266.0</u>	<u>259.0</u>	<u>179.9</u>
UK-India (General) Credits 1961 (I & II)	<u>42.0</u>	<u>42.0</u>	<u>42.0</u>
UK-India (FYP) Credit, 1961	84.0	84.0	74.1
UK-India (General) Credit, 1962	28.0	28.0	14.5
UK-India (Durgapur Expansion) Credit, 1962	61.6	61.6	28.3
UK-India (FYP) Credit, 1962	36.4	29.4 c/	7.0
Second UK-India (General) Credit, 1962	14.0	14.0	14.0
United States, subtotal	<u>954.3</u>	<u>896.1</u>	<u>794.4</u>
Ex-Im Bank, subtotal	<u>96.6</u>	<u>93.3</u>	<u>77.4</u>
Air India I	<u>4.1</u>	<u>4.1</u>	<u>4.1</u>
Air India II	8.1	8.1	8.1
Capital Goods III	25.0	25.0	23.3
Orient Paper Mills	18.5	18.5	17.9
Union Carbide	7.6	5.2	3.5
East India Hotels	0.7	0.5	0.5
Diesel Locomotive Works I	19.0	19.0	15.2
Hindustan Aluminium II	5.0	5.0	2.9
Bharat Forge	3.9	3.2	1.9
Indian Rayon Corporation	4.7	4.7	--
DLF/AID, subtotal	<u>857.7</u>	<u>802.8</u>	<u>717.0</u>
ICICI	<u>5.0</u>	<u>2.5</u>	<u>2.0</u>
NSIC	10.0	8.7	8.7
Premier Automobiles I	7.2	7.2	7.0
Talcher Power	33.0	31.3	17.0
Birsinghpur Power	8.4	8.4	4.6
Sharavati Power II	18.4	15.3	9.3
Non-ferrous Metals	20.0	20.0	20.0
Cambay Power	33.6	31.7	31.6
Non-project Loan I	200.0	200.0	199.5
Bandel Power	38.0	37.4	32.0

(continued)

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Patherdih Coal Washery	4.2	4.2	3.6
Pamba-Kakki Power	20.2	16.4	13.9
Fourth Railway Loan	43.0	43.0	42.6
IFC - II	20.0	3.6	2.7
Premier Automobiles II	3.0	3.0	2.9
Trombay Power	17.9	16.6	15.8
D.C.M. Rayon Tire Cord.	9.8	7.4	7.4
TELCO I	13.7	13.4	13.0
Hindustan Motors	15.8	15.2	11.8
Nepco Bavel Gear	2.3	2.3	2.3
Delhi Thermal Power	16.0	11.3	4.2
Satpura Thermal Power	25.1	18.1	7.9
Non-project Loan II	240.0	240.0	234.9 d/
Ramagunddam Power	8.4	5.0	1.1
Chandrapura Thermal Power II	16.0	12.3	2.5
Railways V	15.9	15.9	12.5
Central Ropeways	7.7	7.5	3.1
Dugda Coal Washery	5.1	5.1	3.1
World Bank, subtotal	<u>175.5</u>	<u>134.4</u>	<u>98.7</u>
Railways VI	50.0	50.0	50.0
Calcutta Port II	21.0	14.0	6.7
Private Sector Coal	35.0	33.4	18.6
IISCO - III	19.5	7.2	2.8
ICICI - IV	20.0	18.3	11.8
ICICI - V	30.0	11.5	8.8
IDA, subtotal	<u>250.0</u>	<u>215.7</u>	<u>150.4</u>
Roads	60.0	60.0 e/	47.1
U.P. Tubewells	6.0	6.0 e/	6.0
Shetrunji Irrigation	4.5	3.9 e/	2.8
Salandi Irrigation	8.0	5.3 e/	1.4
Punjab Drainage	10.0	10.0 e/	9.1
DVC - IV	18.5	18.5	8.6
Sone Irrigation	15.0	14.0 e/	9.5
Purna Irrigation	13.0	8.1 e/	7.5
Koyna II	17.5	6.0	5.3
Bombay Port	18.0	5.0	2.9
Telecommunications I	42.0	42.0	26.1
Railways VII	17.5	17.5	17.5
Kothagudam Power	20.0	19.4	6.6

(continued)

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Subtotal 1963-64 pledges	<u>1,016.5</u>	<u>748.2</u>	<u>362.6</u>
Austria, subtotal	<u>7.0</u>	<u>6.2</u>	<u>2.0</u>
Credit for capital goods	<u>7.0</u>	<u>6.2</u>	<u>2.0</u>
Belgium, subtotal	<u>10.0</u>	<u>4.8</u>	<u>--</u>
Suppliers' credit	<u>10.0</u>	<u>4.8 f/</u>	<u>--</u>
Canada, subtotal	<u>23.5</u>	<u>15.0</u>	<u>9.0</u>
Loans			
Kota Hydro-electric Project	<u>7.4</u>	<u>4.2</u>	<u>Neg.</u>
Grants	<u>16.1</u>	<u>10.8</u>	<u>9.0</u>
France, subtotal	<u>20.0</u>	<u>20.0 g/</u>	<u>--</u>
Third Credit for Third Plan	<u>20.0</u>	<u>20.0</u>	<u>--</u>
Germany, subtotal	<u>99.5</u>	<u>80.1</u>	<u>26.9</u>
DM 61.4 m. credit for Rourkela refinancing	<u>15.4</u>	<u>15.4 i/</u>	<u>15.4</u>
DM 40 m. for commodities	<u>10.0</u>	<u>7.4</u>	<u>--</u>
DM 40 m. for selected continuing projects	<u>10.0</u>	<u>8.6</u>	<u>--</u>
DM 60 m. for Alloy Steel Plant	<u>15.0</u>	<u>9.9</u>	<u>0.9</u>
DM 14 m. for Rourkela Expansion	<u>3.5 j/</u>	<u>3.5</u>	<u>--</u>
DM 23.5 m. for commodities	<u>5.9 j/</u>	<u>--</u>	<u>--</u>
DM 28.1 m. for downpayment for ships	<u>7.0</u>	<u>6.3</u>	<u>6.3</u>
DM 10 m. for ICICI	<u>2.5</u>	<u>--</u>	<u>--</u>
DM 5 m. for NSIC	<u>1.2</u>	<u>--</u>	<u>--</u>
DM 116 m. Suppliers' credit for purchase of ships	<u>29.0</u>	<u>29.0</u>	<u>4.3</u>
Italy, subtotal	<u>45.0</u>	<u>9.3</u>	<u>--</u>
Suppliers' credit	<u>45.0</u>	<u>9.3</u>	<u>--</u>
Japan, subtotal	<u>65.0</u>	<u>61.7</u>	<u>16.6</u>
Third Yen Credit (23.4 billion)	<u>65.0</u>	<u>61.7</u>	<u>16.6</u>
Netherlands, subtotal	<u>11.0</u>	<u>11.0</u>	<u>--</u>
Machinery and commodities	<u>11.0</u>	<u>11.0</u>	<u>--</u>
United Kingdom, subtotal	<u>84.0</u>	<u>79.7</u>	<u>52.6</u>
Steel, 1963	<u>9.8</u>	<u>9.8</u>	<u>8.2</u>
General, 1963	<u>28.0</u>	<u>28.0</u>	<u>28.0</u>
Kipping Loan, 1963	<u>11.2</u>	<u>11.2</u>	<u>0.2</u>
General, 1964	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>
Bhopal, 1964	<u>7.0</u>	<u>5.5</u>	<u>1.2</u>
First UK-India (Five Year Plan)	<u>14.0</u>	<u>11.2</u>	<u>1.0</u>

(continued)

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
United States, subtotal	<u>377.5</u>	<u>325.4</u>	<u>157.8</u>
Ex-Im Bank, subtotal	<u>57.3</u>	<u>18.4</u>	<u>1.1</u>
Coromandel fertilizers	27.0	6.3	0.7
Ex-Im Credit IV	25.0	10.0	--
Mysore Acetate & Chemicals	2.1	2.1	0.4
Chemicals & Plastics	3.2	--	--
AID, subtotal	<u>320.2</u>	<u>307.0</u>	<u>156.7</u>
Tarapore Atomic Power	80.0	75.8	10.9
Non-project Loan III	225.0	225.0	141.4
Trombay Fertilizer II	7.8	6.2	4.4
National Engineering Industries	4.3	--	--
Sharavati Hydro-Electric Project III	3.1	--	--
IBRD, subtotal	<u>134.0 k/</u>	<u>NA</u>	<u>--</u>
Power Transmission Schemes	70.0	NA	--
Kothagudam Power	14.0	NA	--
ICICI - VI	50.0	--	--
IDA, subtotal	<u>140.0</u>	<u>135.0</u>	<u>97.7</u>
Railways VII	50.0	50.0	50.0
Industrial Imports	90.0	85.0	47.7
Subtotal 1964/65 pledges	<u>754.5</u>	<u>290.6</u>	<u>122.5</u>
Austria, subtotal	<u>0.9</u>	<u>0.8</u>	<u>0.8</u>
For capital goods and commodities	0.9	0.8	0.8
Canada, subtotal	<u>17.0</u>	<u>8.7</u>	<u>7.1</u>
Loans			
Candu Atomic Power Project	0.6 <u>1/</u>	0.6	0.6
Grants	16.4	8.1	6.5
France, subtotal	<u>20.0</u>	<u>3.5 g/</u>	<u>--</u>
Fourth Credit for Third Plan	20.0	3.5	--
Germany, subtotal	<u>95.0</u>	<u>52.7</u>	<u>22.5</u>
DM 90 m. for Rourkela repayments	22.5	22.5 <u>i/</u>	22.5
DM 55 m. for commodities	13.8	2.0	--
DM 40 m. for financing continuing projects	10.0 <u>j/</u>	10.0	--
DM 10 m. for Neyveli Mining Scheme	2.5	2.5	--
DM 6.4 m. for Sawang Coal Washery	1.6	--	--
DM 13 m. for MISL Electric Arc Furnace	3.3 <u>j/</u>	--	--
DM 30.6 m. for other projects	7.6 <u>j/</u>	--	--
DM 15 m. for IFC	3.8 <u>j/</u>	0.3	--
DM 5 m. for ICICI	1.2	--	--
DM 5 m. for NSIC	1.2 <u>j/</u>	--	--
DM 82 m. Suppliers' credit for ships	20.5	15.4	--
DM 28 m. Suppliers' credit for items other than ships	7.0	--	--

(continued)

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Italy, subtotal	<u>36.0</u>	--	--
Suppliers' credit	<u>36.0</u>	--	--
Japan, subtotal	<u>60.0</u>	<u>39.8</u>	<u>2.7</u>
Fourth Yen Credit (21.6 billion)	<u>60.0</u>	<u>39.8</u>	<u>2.7</u>
Netherlands, subtotal	<u>11.0</u>	<u>7.4</u>	--
For capital goods, raw materials and commodities	11.0	7.4	--
United Kingdom, subtotal	<u>84.0</u>	<u>59.2</u>	<u>40.4</u>
Second UK-India (General) Credit, 1964	<u>28.0</u>	<u>28.0</u>	<u>28.0</u>
Second UK-India (Five Year Plan) Credit, 1964	4.2	2.1	--
Third UK-India (Five Year Plan) Credit, 1964	4.3	1.0	--
Fourth UK-India (Five Year Plan) Credit, 1964	2.8	0.7	--
Fifth UK-India (Five Year Plan) Credit, 1964	3.5	1.5	--
Sixth UK-India (Five Year Plan) Credit, 1964	9.0	9.0	--
Second UK-India (Bhopal) Credit, 1964	5.6	1.5	--
Third UK-India (General) Credit, 1964	11.2	--	--
First UK-India (General) Credit, 1965	14.0	14.0	12.4
UK-India (Five Year Plan) Credit, 1965	1.4	1.4	--
United States, subtotal	<u>335.6</u>	<u>56.0</u>	<u>8.7</u>
Ex-Im Bank, subtotal	<u>34.8</u>	<u>17.0</u>	<u>1.3</u>
Diesel Locomotive Works II	<u>17.0</u>	<u>17.0</u>	<u>1.3</u>
Hindustan Aluminium III	11.0	--	--
General Pulp Mills	6.8	--	--
DLF/AID, subtotal	<u>300.8</u>	<u>39.0</u>	<u>7.4</u>
Commodity Assistance Program 1964/65 (I Tranche)	50.0	30.0	6.5
Railways VI	7.2	7.2	0.7
Telco II	11.8	1.8	0.2
Consultancy Services	2.0	--	--
IFC - III	10.0	--	--
Hindustan Motors (Trucks)	23.0	--	--
Hindustan Motors (Shovels)	3.0	--	--
Commodity Assistance Program 1964/65 (II Tranche)	190.0	--	--
Railways VII	3.8	--	--

(continued)

Table A-2 (cont'd)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
IDA, subtotal	95.0	62.5	40.3
Telecommunications II	33.0	10.5	10.5
Railways VIII	62.0	52.0	29.8
Subtotal 1965/66 pledges	138.8	37.8	15.7
Austria, subtotal	1.0	--	--
Suppliers' credit	1.0	--	--
Belgium, subtotal	4.0	--	--
Suppliers' credit	4.0	--	--
Canada, subtotal	0.4	0.4	0.4
Loans			
Candu Atomic Power Project	0.4 ^{1/}	0.4	0.4
France, subtotal	--	--	--
Germany, subtotal	23.4	23.4	6.8
DM 93.6 m. for Rourkela repayments	23.4	23.4 ^{i/}	6.8
Italy, subtotal	36.0	--	--
Suppliers' credit	36.0	--	--
Japan, subtotal	60.0	--	--
Fifth Yen Credit (21.6 billion)	60.0	--	--
Netherlands, subtotal	--	--	--
United Kingdom, subtotal	14.0	14.0	8.5
Second UK-India (General) Credit, 1965	14.0	14.0	8.5
United States, subtotal	--	--	--
IBRD, subtotal	--	--	--
IDA, subtotal	--	--	--

a/ Estimated up to March 31, 1965.

b/ Combined for all the four French credits for Third Plan.

c/ Amount reduced due to cancellation of order.

d/ Provisional.

e/ Including that portion of the value of contracts awarded locally, which is reimbursable from IDA on a percentage basis.

f/ Amount reduced due to the fact that some of the contracts did not finally materialise.

(continued)

Footnotes (cont'd)

- g/ Of the total value of orders placed under Third and Fourth Credits, contracts valued at \$12.0 million have been reported to the French authorities.
- h/ Includes ordering against the Fourth Credit.
- i/ Notional.
- j/ Final loan agreement with Kreditanstalt not yet signed.
- k/ This exceeds the pledges for 1963/64 and absorbs the balance out of pledges for 1961-63.
- l/ The total amount of the project is \$34.2 million but an amount of \$0.6 million will be adjusted against Canadian pledges for 1964/65 and \$0.4 million against Canadian pledges for 1965/66. According to the terms of the agreement the amount disbursed during a year will be adjusted against consortium pledges for that year.

Source: Government of India

ANNEX B

NEW COMMITMENTS DURING THE QUARTER ENDED
JUNE 30, 1965

Reports on 22 new agreements signed or authorized by Austria, Belgium, France, Germany, Japan, the Netherlands, the United Kingdom, the United States and the International Bank for Reconstruction and Development are reproduced in the following pages. Canada and the International Development Association signed no new commitments during the quarter. Italy reported no details on any recent agreements and the Government of India report confirms that no new agreements were signed with Italy during this quarter.

AUSTRIAN COMMITMENTS DURING THE QUARTER ENDED
JUNE 30, 1965

1. (a) Third Credit Agreement
- (b) Borrower: Government of India
Lender: Republic of Austria
Date: April 5, 1965
- (c) Amount: U.S. \$4 million
- (d) Purpose: Purchase of Austrian goods.
- (e) Interest rate: $5\frac{1}{2}$ percent.
- (f) Amortization terms: The term of this credit is 15 years,
including five years of grace.

This Agreement also provides that the rate of interest for the first credit, granted by Austria to India within the framework of the India Consortium shall be reduced from 6 percent to $5\frac{1}{2}$ percent per annum, beginning with the interest payment falling due on January 1, 1965.

BELGIAN COMMITMENTS DURING THE QUARTER ENDED
JUNE 30, 1965

1. (a) Suppliers' Credit
 - (b) Borrower: Sri Ramakrishna Steel Industries
Lender: Not reported
Date: Not reported
 - (c) Amount: 22 million Belgian francs (U.S. \$0.44 million)
 - (d) Purpose: Purchase of material for steel-melting factory.
 - (e) Interest rate: Not reported.
 - (f) Amortization terms: 15 percent of the credits payable in cash and 85 percent payable in equal instalments over a maximum period of ten years after deliveries or assembly, provided that the total duration of the credit does not exceed 12 years from the date of the order.

FRENCH COMMITMENTS DURING THE QUARTER ENDED
JUNE 30, 1965

1. (a) Factory Equipment
 - (b) Borrower: Kalinga Tubes
Lender: Wean Damiron (Supplier credits guaranteed by the French Government)
Date of notification: May 25, 1965
 - (c) Amount: 1,387,000 Francs (U.S. \$283,061)
 - (d) Purpose: Factory Equipment
 - (e) Interest rate: $5\frac{1}{4}$ percent
 - (f) Amortization terms: 10 years
2. (a) Electrical Equipment Plant
 - (b) Borrower: Tata Merlin Gerin Ltd.
Lender: Merlin Gerin (Supplier credits guaranteed by the French Government)
Date of notification: May 27, 1965
 - (c) Amount: 3,544,500 Francs (U.S. \$723,367)
 - (d) Purpose: Procurement of materials and engineering service for a plant of electrical equipment
 - (e) Interest rate: $5\frac{1}{4}$ percent
 - (f) Amortization terms: 10 years
3. (a) Cement Factory
 - (b) Borrower: Uttar Pradesh
Lender: Fives-Lille Cail (Supplier credits guaranteed by the French Government)
Date of notification: May 31, 1965
 - (c) Amount: 14,230,800 Francs (U.S. \$2,904,244)
 - (d) Purpose: Construction of a cement factory with a capacity of 1,200 tons a day
 - (e) Interest rate: $5\frac{1}{4}$ percent
 - (f) Amortization terms: 10 years

GERMAN COMMITMENTS DURING THE QUARTER ENDED
JUNE 30, 1965

1. (a) Loan Agreement between Kreditanstalt fur Wiederaufbau and India for DM 93.6 million.
 - (b) Borrower: India
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt-am-Main
Date: May 20/26, 1965
 - (c) Amount: DM 93.6 million (US \$23.4 million)
 - (d) Purpose: Prolongation of payments under Rourkela transaction
 - (e) Interest rate: $5\frac{1}{2}$ percent
 - (f) Amortization terms: 32 half-yearly instalments of DM 2,925,000, the first on December 31, 1965 and the last on June 30, 1981
 - (g) Forecast of disbursements: Until March 30, 1966
2. (a) Loan Agreement between Kreditanstalt fur Wiederaufbau and India for DM 40 million.
 - (b) Borrower: India
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt-am-Main
Date: May 13, 1965
 - (c) Amount: DM 40 million (US \$10 million)
 - (d) Purpose: Terminal financing of individual projects under the DM 107 million and the DM 82 million blanket credits
 - (e) Interest rate: 4.35 percent
 - (f) Amortization terms: 4 half-yearly instalments of DM 720,000, the first on December 31, 1970 and the last on June 30, 1972; 26 half-yearly instalments of DM 1,231,000, the first on December 31, 1972 and the last on June 30, 1985; 6 half-yearly instalments of DM 511,000, the first on December 31, 1985 and the last on June 30, 1988; and 4 half-yearly instalments of DM 512,000, the first on December 31, 1988 and the last on June 30, 1990.
 - (g) Forecast of disbursements: Until December 31, 1967.

3. (a) Loan Agreement between Kreditanstalt fur Wiederaufbau and India for DM 10 million
- (b) Borrower: India
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt-am-Main
Date: May 13, 1965
- (c) Amount: DM 10 million (U.S. \$2.5 million)
- (d) Purpose: Extension of open-cast mining in Neyveli
- (e) Interest rate: 3 percent
- (f) Amortization terms: 8 half-yearly instalments of DM 277,000, the first on December 31, 1972 and the last on June 30, 1976; and 28 half-yearly instalments of DM 178,000, the first on December 31, 1976 and the last on June 30, 1990.
- (g) Forecast of disbursements: Until December 31, 1966.
4. (a) Loan Agreement between Kreditanstalt fur Wiederaufbau and India for DM 6.4 million
- (b) Borrower: India
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt-am-Main
Date: May 13, 1965
- (c) Amount: DM 6.4 million (U.S. \$1.6 million)
- (d) Purpose: Construction of coal-washing plant at Sawang
- (e) Interest rate: 3 percent
- (f) Amortization terms: 8 half-yearly instalments of DM 177,000, the first on December 31, 1972 and the last on June 30, 1976; and 28 half-yearly instalments of DM 178,000, the first on December 31, 1976 and the last on June 30, 1990.
- (g) Forecast of disbursements: Until December 31, 1966

(continued)

5. (a) Loan Agreement between Kreditanstalt fur Wiederaufbau and Industrial Credit and Investment Corporation of India Ltd. for DM 5 million
- (b) Borrower: Industrial Credit and Investment Corporation of India Ltd., Bombay
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt-am-Main
Date: June 8, 1965
- (c) Amount: DM 5 million (U.S. \$1.2 million)
- (d) Purpose: Financing projects submitted by small and medium sized private companies
- (e) Interest rate: 3 percent
- (f) Amortization terms: 34 half-yearly instalments of DM 140,000, the first on December 31, 1972 and the last on June 30, 1989; and 2 half-yearly instalments of DM 120,000, the first on December 31, 1989 and the last on September 30, 1990.
- (g) Forecast of disbursements: Until December 31, 1967.

JAPANESE COMMITMENTS DURING THE QUARTER ENDED
JUNE 30, 1965

1. (a) Loan Agreement dated June 25, 1965 between the Export-Import Bank of Japan and 12 other Banks and the Government of India
- (b) Borrower: Government of India
Lender: The Export-Import Bank of Japan together with 12 private banks
Date: June 25, 1965
- (c) Amount: 21,600 million yen (U.S. \$60 million)
- (d) Purpose: Assistance for the implementation of India's Third Five Year Plan, which is expected to be utilized as follows:

<u>Projects</u>	<u>In millions of dollars</u>
Gorakhpur Fertilizer Factory	1.3
Durgapur Alloy and Tool Steel Plant	2.4
Gujarat State Fertilizer Factory	10.1
Other projects to be mutually agreed upon	18.2
Plants, Machinery and Commodities:	
Components for the manufacture of trucks, tractors and air compressors	4.0
Rolls, power tillers and engines for power tillers	3.0
Earthmoving and construction machinery and spare parts thereof	2.3
Yanmar Diesel Engines and Fishnet making equipment	0.7
Power transmission and distribution equipment, cables and insulators (below 33KVA)	2.0
N.S.I.C.	1.0
Spare parts, components and other requirements for Indo-Japanese ventures	2.5
Railway equipment	5.0
Plants and machinery pertaining to the establishment of additional industrial capacity (including machine tools and cranes)	7.5
- (e) Interest rate: 5-3/4 percent

(continued)

- (f) Amortization terms: 14,400 million yen (\$40 million) will be repaid over 15 years including a grace period of 5 years, remaining 7,200 million yen (\$20 million) being repayable over 18 years including 5 year grace period.
- (g) Forecast of disbursements: Not available

NETHERLANDS COMMITMENTS DURING THE QUARTER ENDED
JUNE 30, 1965

1. (a) Loan Agreement between the Nederlandse Investeringsbank voor
Ontwikkelingslanden N.V. and India
- (b) Borrower: Government of India
Lender: Nederlandse Investeringsbank voor Ontwikkelingslanden
N.V., The Hague
Date: July 2, 1965*
- (c) Amount: fl. 13 million (U.S. \$3.6 million)
- (d) Purpose: To finance the foreign exchange costs of importing
goods in connection with India's Five Year Plans.
- (e) Interest rate: to be determined
- (f) Amortization terms: 19 equal yearly instalments beginning
April 1, 1972
- (g) Forecast of disbursements: Not available.

* Note that this loan was reported by the Netherlands Government
although it was signed two days after June 30, 1965.

UNITED KINGDOM COMMITMENT DURING THE QUARTER ENDED
JUNE 30, 1965

1. (a) Second United Kingdom - India (General) Credit Agreement, 1965
 - (b) Borrower: India
Lender: United Kingdom
Date: June 15, 1965
 - (c) Amount: £5 million (U.S. \$14 million)
 - (d) Purpose: Supply of goods and services from the United Kingdom
 - (e) Interest rate: In respect of each drawing, the rate at which the United Kingdom Government can borrow at the date of such drawing, plus a management charge of one-eighth of one percent. Interest is waived for the first seven years of the loan.
 - (f) Amortization terms: 36 consecutive half-yearly instalments of £135,000, the first of which is payable on June 30, 1972 and one instalment of £140,000 payable on June 30, 1990.
 - (g) Forecast of disbursements: Three months

UNITED STATES COMMITMENTS DURING THE QUARTER ENDED
JUNE 30, 1965

Part I - New Commitments Signed During the Quarter

1. (a) Industrial Finance Corporation of India
 - (b) Borrower: Industrial Finance Corporation of India
Lender: A.I.D.
Dates: Authorized - November 30, 1964
Signed - March 4, 1965
Official title: IFC III
 - (c) Amount: \$10,000,000
 - (d) Purpose: To provide foreign exchange to private industrial entrepreneurs for the financing of private projects through sub-loans from the IFC.
 - (e) Interest rate: 1 percent per annum during grace period,
2½ percent thereafter.
 - (f) Amortization terms: 40 years maturity, including 10 years
grace period.
 - (g) Forecast of disbursements: Through December 31, 1968
2. (a) Diesel Shunter Locomotives
 - (b) Borrower: Government of India
Lender: A.I.D.
Dates: Authorized - November 30, 1964
Signed - June 17, 1965
Official title: Seventh Railway Loan
 - (c) Amount: \$3,800,000
 - (d) Purpose: To finance diesel shunter locomotives for yard operations in 3 major marshaling yards.
 - (e) Interest rate: 1 percent per annum during grace period,
2½ percent thereafter
 - (f) Amortization terms: 40 years maturity, including 10 years
grace period.
 - (g) Forecast of disbursements: Not yet available.

(continued)

3. (a) Raw Materials, Equipment, Fertilizer, etc.
- (b) Borrower: Government of India
Lender: A.I.D.
Dates: Authorized - March 13, 1965
Signed - June 17, 1965
Official title: Non Project Loan V
- (c) Amount: \$190 million
- (d) Purpose: To finance imports of raw materials, equipment, fertilizers and other goods necessary to Indian economic development.
- (e) Interest rate: 1 percent per annum during grace period,
2½ percent thereafter.
- (f) Amortization terms: 40 years maturity, including 10 years grace period.
- (g) Forecast of disbursements: Through December 31, 1966.

Part II - New Commitments Authorized during the Quarter

4. (a) Minerals Exploration
- (b) Borrower: Government of India
Lender: A.I.D.
Date: Authorized - June 14, 1965
Official title: Operation Hardrock
- (c) Amount: \$3,500,000
- (d) Purpose: To assist in financing the foreign exchange costs of airborne geophysical surveys and ground follow-up in an effort to find and prove exploitable deposits of base metals.
- (e) Interest rate: 1 percent per annum during grace period,
2½ percent thereafter
- (f) Amortization terms: 40 years maturity, including 10 years grace period.
- (g) Forecast of disbursements: Not available.

(continued)

5. (a) Dhuvaran Thermal Plant Expansion

- (b) Borrower: Government of India
Lender: A.I.D.
Date: Authorized - June 26, 1965
Official title: Dhuvaran Thermal Power II
- (c) Amount: \$32,300,000
- (d) Purpose: To assist in financing the foreign exchange costs of the addition of two 140 MW units to the Dhuvaran Thermal Power Station, including the construction of transmission lines, substations and related facilities.
- (e) Interest rate: 1 percent per annum during grace period,
2½ percent thereafter
- (f) Amortization terms: 40 years maturity, including 10 years
grace period
- (g) Forecast of disbursements: Not available.

6. (a) Durgapur Thermal Plant Expansion

- (b) Borrower: Government of India
Lender: A.I.D.
Date: Authorized - June 26, 1965
Official title: Durgapur Thermal Power II
- (c) Amount: \$16,500,000
- (d) Purpose: To assist in financing the foreign exchange costs of acquisition and installation of a sixth generating unit of 150 MW capacity.
- (e) Interest rate: 1 percent per annum during grace period,
2½ percent thereafter
- (f) Amortization terms: 40 years maturity, including 10 years
grace period
- (g) Forecast of disbursements: Not available.

IBRD COMMITMENTS DURING THE QUARTER ENDED
JUNE 30, 1965

1. (a) Power Transmission
 - (b) Borrower: India
Lender: International Bank for Reconstruction and Development
Date: June 11, 1965
Official title: Loan Number 416-IN (Power Transmission Project)
 - (c) Amount: \$70 million
 - (d) Purpose: To assist in the extension and interconnection of electric power transmission facilities throughout India by financing the imported equipment and materials required to complete approximately 8,000 miles of high voltage lines and about 300 sub-stations.
 - (e) Interest rate: $5\frac{1}{2}$ percent per annum
 - (f) Amortization terms: In 41 semi-annual instalments beginning November 15, 1971 and ending November 15, 1991.
 - (g) Forecast of disbursements: To be completed by June 30, 1968.

2. (a) Second Kothagudem Power
 - (b) Borrower: India
Lender: International Bank for Reconstruction and Development
Date: June 11, 1965
Official title: Loan Number 417-IN (Second Kothagudem Power Project)
 - (c) Amount: \$14 million
 - (d) Purpose: To continue assisting the Andhra Pradesh State Electricity Board by financing the foreign exchange cost of extending the Kothagudem thermal station to a capacity of 240 MW.
 - (e) Interest rate: $5\frac{1}{2}$ percent per annum
 - (f) Amortization terms: In 41 semi-annual instalments beginning December 1, 1971 and ending December 1, 1991.
 - (g) Forecast of disbursements: Through March 31, 1966 - \$9.45 million
April 1/66-March 31/67 - \$3.15 million
April 1/67-March 31/68 - \$1.40 million

(continued)

3. (a) ICICI - VI

- (b) Borrower: The Industrial Credit and Investment Corporation
of India Limited
Lender: International Bank for Reconstruction and Development
Date: May 28, 1965
Official title: Loan Number 4114-IN (Sixth Industrial Credit and
Investment Project)
- (c) Amount: \$50 million
- (d) Purpose: To help ICICI to continue its foreign exchange assistance to private industrial enterprises in India.
- (e) Interest rate: $5\frac{1}{2}$ percent per annum
- (f) Amortization terms: 18 years, with payments beginning on
February 1, 1968, ending on August 1, 1983.
The Bank and ICICI will agree from time to time to change the amortization schedule to conform substantially to the aggregate of the repayment schedules applicable to ICICI's loans, out of the proceeds of the proposed loan, for individual investment projects.
- (g) Forecast of disbursements: To be completed by June 30, 1970.

ANNEX C

ADDITIONAL PROJECTS OR PROGRAMS UNDER ACTIVE CONSIDERATION

Consortium members were asked to indicate any additional projects or programs for which assistance is under active consideration but for which no firm commitment has yet been made. Several members responded and their answers are summarized below:

	<u>Purpose</u>	<u>Approximate amount</u>
1.	<u>Austria</u>	
	A fourth Credit Agreement will shortly be concluded between Austria and India, relating to a U.S. \$4 million line of credit. As in the case of the previous credits to India, the exchange made available by the credit will be used to purchase Austrian goods.	
	In addition, Austria will earmark an amount equivalent to U.S. \$1 million, to be channeled through the department responsible for the promotion of exports to the developing countries, to meet applications from Austrian exporters relating to the financing of deliveries to India of capital goods of Austrian origin up to October 1, 1965.	
2.	<u>Belgium</u>	
	These items are the so-called "promises", i.e. the authorities in Belgium have promised to guarantee the suppliers' credit subject to the transactions taking place within a period of validity of the promise. The period of validity is limited to a few months, but may be extended. Credit transactions for some of the items eventually may not take place.	
	Total: Belgian francs 203.9 million, U.S. \$4.078 million	
3.	<u>Germany</u>	<u>DM million</u>
	(a) Financing of an individual project (1963/64 commitment)	14.0
	(b) Financing of goods and services for the improved utilization of existing production capacity (Commodity V)	23.5

(continued)

<u>Purpose</u>	<u>Approximate amount</u>
3. <u>Germany</u>	<u>DM million</u>
(c) Financing of individual projects (1964/65 commitment) <u>1/</u>	43.6
(d) To Indian development banks:	20.0
(i) IFCI - DM 15 million	
(ii) NSIC - DM 5 million	
4. <u>Netherlands</u>	<u>fl million</u>
Agreements will shortly be concluded relating to a general 25-year loan of fl. 26 million and financial 10-year export credits of fl. 14 million in total. These credits will cover the amount of fl. 40 million of the aid pledge for 1965/66.	40
5. <u>United States</u>	<u>\$ million</u>
<u>Under consideration by Export-Import Bank:</u>	
(a) Uttar Pradesh Pulp & Paper Mills, Ltd. <u>2/</u>	5.0
(b) The Modern Mills, Ltd. <u>2/</u>	5.0
(c) Nirlon Synthetic Fibres & Chemicals, Pvt. <u>2/</u>	12.0
(d) South Bend India, Ltd. <u>2/</u>	1.8
(e) Indian Aluminum Co., Ltd.	11.9
<u>Under consideration by A.I.D.:</u>	
Applications Received:	
Bolani Ores, Ltd.	6.7
Mahindra & Mahindra	10.5
Modi Rayon	10.5
Civil Aviation	9.3
Higher Education - Capital Requirements	12.0
F.A.C.T. (Fertilizer Plant)	31.2
Durgapur Fertilizer Plant	32.0
Chandrapura Thermal Power III	44.0
Commodity Assistance	Undetermined

(continued)

<u>Purpose</u>	<u>Approximate amount</u>
6. <u>IBRD and IDA</u>	<u>\$ million</u>
(a) Tata Iron and Steel Company <u>2/</u>	60.0
(b) Kothagudem Fertilizer <u>2/</u>	20.0
(c) Indian Iron and Steel Company <u>2/</u>	14.5
(d) Bangalore Water Supply <u>2/</u>	25.0
(e) Industrial Imports II <u>3/</u>	100.0
(f) Koyna Hydro-Electric III <u>2/</u>	18.5

-
- 1/ Project reported previously but amount under consideration has changed.
- 2/ Reported previously.
- 3/ Approved August 10, 1965.

ANNEX D

CORRECTIONS IN THE QUARTERLY REPORT FOR JANUARY/MARCH 1965
(IND 65-11)

Members were requested to report any discrepancies between their own records and the data given in the last quarterly report. Comments received from members are summarized below:

Annex A

Both the Government of India and the United States have reported that the item on page 10 under DLF/AID shown as Telecommunications II should have read TELCO Trucks II. TELCO is Tata Engineering & Locomotive Company, Ltd.

The Government of India reports that footnote c/ on page 11 should have read "Up to 31/12/64" and not "Up to 31/1/64".

The Austrian Ministry of Finance shows the following deviations from the figures in the last quarterly report and their own records:

Orders placed: The total figure of orders placed up to March 31, 1965 was U.S. \$10.4 million, U.S. \$5 million of this sum being charged against the Austrian Credit to India I (1961-63 pledges) and U.S. \$5.4 million against the Credit to India II (1963/64 pledges).

The total Austrian pledges should, for the sake of accuracy, be shown as U.S. \$12.85 million, and the pledges for 1964/65 as U.S. \$0.85 million, since otherwise discrepancies will arise between the figures and the amounts actually utilized.

The discrepancies between the data given in the World Bank report, which are based on figures from Indian sources, and the Austrian records are probably explained by the fact that orders placed are recorded earlier by the Indian than the Austrian authorities, so that in certain cases orders were reported by India as having already been placed, whereas they were not listed in Austria until after March 31, 1965. In other words, the method of utilization of the credit is that the individual orders are first approved by the Indian Finance Minister as coming within the current credit framework, and are only then notified to the Austrian authorities in order that the Austrian exporter may be informed and the funds mobilized.

(continued)

Annex A

Japan noted differences in the value of orders placed ("The value of purchasing contracts approved by The Export-Import Bank of Japan.") as follows:

	Japanese Government records	Annex A IND 65-11 Government of India
<u>Orders placed</u>		
	(U.S. \$ million)	
Total, all pledges	157.3	198.0
1963/64 pledges	48.8	61.1
1964/65 pledges	3.5	31.9

Annex B

The Government of India reports the following **discrepancies**:

B-BE - Items noted as "not reported" should read as follows:

(b) Lender: M/S Sepulchre Freres & Co., Brussels
Date: August 21, 1964

(e) Interest rate: 5-3/4 percent per annum.

B-US

1(f) should read "February 1, 1968" instead of "October 1, 1966"

3(g) should read "Loan expected to be fully utilized by
December 1967"
instead of "Twenty-four to thirty months"

5(a) should read - Date: Authorized April 13, 1965
Signed June 17, 1965
Official title: Commodity Program Assistance
1964/65.

5(g) should read "Loan expected to be fully utilized by
December 31, 1966"
instead of "Not available".

(continued)

Annex B

The Government of India also notes the addition of the following; which is also reported in the present report, Annex B-US, item 2, page 25 above:

6. (a) Railway Development

- (b) Borrower: Government of India
Lender: A.I.D.
Date: Authorized March 4, 1965
Signed June 17, 1965
Official title: Seventh Railway
- (c) Amount: \$3,800,000
- (d) Purpose: Purchase and delivery of 21 broad gauge diesel electric shunting locomotives with a 2 years supply of spare parts.
- (e) Interest rate: 1 percent per annum during grace period,
2½ percent thereafter.
- (f) Amortization terms: 40 years maturity, including 10 year grace period
- (g) Forecast of disbursements: Loan expected to be utilized fully by June 30, 1967.

Annex C

The Government of India notes the following discrepancies:

- 1. Austria - This third agreement was signed on April 5, 1965.
- 3. Germany - (a) Exclusive of DM 60 million for MISL.
- 4. United States - Under Consideration by Export-Import Bank:

Addition as follows:

	(\$ million)
(e) Sirpur Paper Mills	4.7

(continued)

Annex D

The Government of India reports the following changes:

1. Austria - Under (a) the figures shown in the column for GOI should read as follows:

	Annex A IND 65-3 Indian <u>Government</u>
Total orders placed	<u>8.7</u>
1961-63 pledges:	
Credit for Capital Goods I	5.0
1963/64 pledges:	
Credit for Capital Goods II	3.7
Total Austrian Pledges	<u>12.85</u>
Austrian Pledges 1964/65	0.85 <u>a/</u>

a/ \$1 million was shown as a rounded figure, equal to the amount shown by the IBRD in Consortium press releases.

3. Japan - Figures should have been reversed under their headings as follows:

	Japanese Government <u>records</u>	Annex A IND 65-3 Indian <u>Government</u>
<u>Orders placed</u>		
Total, all pledges	<u>127.7</u>	<u>191.2</u>
1961-63 pledges	<u>99.3</u>	<u>105.0</u>
1963/64 pledges	26.3	61.0
1964/65 pledges	2.1	25.2

Part 1
12
12

OFFICE MEMORANDUM

TO: Mr. Votaw

DATE: August 11, 1965

FROM: Donald D. Fowler

SUBJECT: Quarterly Reports on Aid to India

Attached is the quarterly report on United States aid to India during the period April 1 - June 30, 1965, received today.

DDF

AUG 10 1965

UNITED STATES COMMITMENTS DURING
THE QUARTER ENDED JUNE 30, 1965

Part A - Statistical Summary Presented in IND - 65-11

Page 10. Under DLF/AID, there is shown a project entitled Telecommunications II. The title should be corrected to read TELCO Trucks II. TELCO is Tata Engr. & Locomotive Company, Ltd.

Part B - New Commitments Signed During the Quarter Just Ended:

1. (a) Industrial Finance Corporation of India
 (b) Borrower: Industrial Finance Corporation of India
 Lender: A.I.D.
 Dates: Authorized November 30, 1964. Signed March 4, 1965.
 Official Title: IFC III
 (c) Amount: \$10,000,000
 (d) Purpose: To provide foreign exchange to private industrial entrepreneurs for the financing of private projects through sub-loans from the IFC.
 (e) Interest: 1 percent per annum during grace period, 2½ percent thereafter.
 (f) Terms: 40 years maturity, including 10 years grace period.
 (g) Forecast of Disbursements: Through December 31, 1968

2. (a) Diesel Shunter Locomotives
 (b) Borrower: Government of India
 Lender: A.I.D.
 Dates: Authorized November 30, 1964. Signed June 17, 1965.
 Official Title: Seventh Railway Loan
 (c) Amount: \$3,800,000
 (d) Purpose: To finance diesel shunter locomotives for yard operations in 3 major marshaling yards.
 (e) Interest: 1 percent per annum during grace period, 2½ percent thereafter
 (f) Terms: 40 years maturity, including 10 years grace period
 (g) Forecast of Disbursements: Not yet available

Part C - New Commitments Authorized During the Quarter Just Ended

3. (a) Minerals Exploration
 (b) Borrower: Government of India
 (c) Lender: A.I.D.
 Dates: Authorized June 14, 1965
 Official Title: Operation Hardrock
 (c) Amount: \$3,500,000 costs
 (d) Purpose: To assist in financing the foreign exchange/ of airborne geophysical surveys and ground follow-up in an effort to find and prove exploitable deposits of base metals.
 (e) Interest: 1 percent per annum during grace period, 2½

- (e) (continued) $2\frac{1}{2}$ percent thereafter.
 - (f) Terms: 40 years maturity, including 10 years grace period
 - (g) Forecast of Disbursements: Not available
2. (a) Dhuvaran Thermal Plant Expansion
 (b) Borrower: Government of India
 Lender: A.I.D.
 Dates: Authorized June 26, 1965
 Official Title: Dhuvaran Thermal Power II
 (c) Amount: \$32,300,000
 (d) Purpose: To assist in financing the foreign exchange costs of the addition of two 140 MW units to the Dhuvaran Thermal Power Station, including the construction of transmission lines, substations and related facilities.
 (e) Interest: 1 percent per annum during grace period, $2\frac{1}{2}$ percent thereafter.
 (f) Terms: 40 years maturity, including 10 years grace period.
 (g) Forecast of Disbursements: Not available
3. (a) Durgapur Thermal Plant Expansion
 (b) Borrower: Government of India
 Lender: A.I.D.
 Dates: Authorized June 26, 1965
 Official Title: Durgapur Thermal Power III
 (c) Amount: \$16,500,000
 (d) Purpose: To assist in financing the foreign exchange costs of acquisition and installation of sixth generating unit of 150 MW capacity.
 (e) Interest: 1 percent per annum during grace period, $2\frac{1}{2}$ percent thereafter.
 (f) Terms: 40 years maturity, including 10 years grace period
 (g) Forecast of Disbursements: Not available

Part D - Additional Projects and Programs Under Active Consideration

1. Under Consideration by Export-Import Bank

	Amount
Uttar Pradesh Pulp & Paper Mills, Ltd. <u>2/</u>	\$ 5,049,000
The Modern Mills, Ltd. <u>2/</u>	5,000,000
Nirlon Synthetic Fibres & Chemicals, Pvt. <u>2/</u>	12,000,000
South Bend India, Ltd. <u>2/</u>	1,848,000
Indian Aluminum Co., Ltd.	11,900,000

3.

2. Under Consideration by A.I.D.

Applications Received:

Bolani Ores, Ltd.	\$ 6,734,000
Mahindra & Mahindra	10,500,000
Modi Rayon	10,500,000
Civil Aviation	9,300,000
Higher Education - Capital Requirements	12,000,000
F.A.C.T. (Fertilizer Plant)	31,200,000
Durgapur Fertilizer Plant	32,000,000
Chandrapura Thermal Power III	44,000,000
Commodity Assistance	Amount undetermined

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Part A

OFFICE MEMORANDUM

TO: Mr. Gregory Votaw

DATE: August 9, 1965.

FROM: S. Guhan

SUBJECT: Quarterly Report on the utilization of Consortium Aid

I forward herewith a statement showing the value of orders placed and amount disbursed under various Consortium Aid agreements, as of June 30, 1965.

S. Guhan

SUMMARY OF THIRD PLAN AID TO INDIA
PLEDGES, AGREEMENTS SIGNED, ORDERS PLACED AND AMOUNTS
DISBURSED, BY CONSORTIUM MEMBERS, AS OF JUNE 30, 1965.

(US \$ Million)

<u>MEMBER</u>	<u>Pledges</u>	<u>Amount for which agree- ments have been signed.</u>	<u>Value of orders placed.</u>	<u>Amount disbursed</u>
Total, all pledges 1961-62/1965-66	<u>5472.0</u>	<u>4223.1</u>	<u>3212.1</u>	<u>2240.1</u>
1. Austria	18.0	13.8	12.0	7.3
2. Belgium	24.0	24.0	14.8	2.5
3. Canada	173.5	99.7	81.5	65.5
4. France	120.0	100.0	67.1	28.5
5. Germany	644.5	581.8	515.6	359.3
6. Italy	170.0	170.8	48.2	19.4
7. Japan	290.0	290.0	206.5	119.6
8. Netherlands	44.0	33.0	29.4	8.6
9. United Kingdom	518.0	448.0	411.9	281.4
10. United States	<u>2285.0</u>	<u>1667.4</u>	<u>1277.5</u>	<u>960.9</u>
DLF/AID	N.A.	1478.7	1148.8	881.1
EXIM	N.A.	188.7	128.7	79.8
11. IBRD and IDA	<u>1185.0</u>	<u>794.5</u>	<u>547.6</u>	<u>387.1</u>
IBRD	515.0	309.5	134.4	98.7
IDA	670.0	485.0	413.2	288.4
Subtotal, 1961/63 pledges.	<u>2365.0</u>	<u>2313.3</u>	<u>2135.5</u>	<u>1739.3</u>
1. Austria	5.0	5.0	5.0	4.5
2. Belgium	10.0	10.0	10.0	2.5
3. Canada	61.0	58.8	57.4	49.0
4. France	60.0	60.0	43.6	28.5
5. Germany	364.0	363.9	359.4	303.1
6. Italy	53.0	53.8	38.9	19.4
7. Japan	105.0	105.0	105.0	100.3
8. Netherlands	11.0	11.0	11.0	8.6
9. United Kingdom	266.0	266.0	259.0	179.9
10. United States	<u>980.0</u>	<u>954.3</u>	<u>896.1</u>	<u>794.4</u>
DLF/AID	857.4	857.7	802.8	717.0
EX-Im.	122.6	96.6	93.3	77.4
11. IBRD and IDA	<u>450.0</u>	<u>425.5</u>	<u>350.1</u>	<u>249.1</u>
IBRD	200.0	175.5	134.4	98.7
IDA	250.0	250.0	215.7	150.4

(Continued)

MEMBER	Pledges.	Amount for which agreements have been signed	value of orders placed	Amount disbursed
Subtotal, 1963/64 pledges.	<u>1052.0</u>	<u>1016.5</u>	<u>748.2</u>	<u>362.6</u>
1. Austria	7.0	7.0	6.2	2.0
2. Belgium	10.0	10.0	4.8	-
3. Canada	30.5	23.5	15.0	9.0
4. France	20.0	20.0	20.0	-
5. Germany	99.5	99.5	80.1	26.9
6. Italy	45.0	45.0	9.3	-
7. Japan	65.0	65.0	61.7	16.6
8. Netherlands.	11.0	11.0	11.0	-
9. United Kingdom	84.0	84.0	79.7	52.6
10. United States	<u>435.0</u>	<u>377.5</u>	<u>325.4</u>	<u>157.8</u>
DLF/AID	NA	320.2	307.0	156.7
Ex-Im	NA	57.3	18.4	1.1
11. I.B.R.D. and IDA	<u>245.0</u>	<u>274.0</u>	<u>135.0</u>	<u>97.7</u>
IBRD	105.0	134.0	NA	-
IDA	140.0	140.0	135.0	97.7
Subtotal, 1964/65 pledges.	<u>1028.0</u>	<u>754.5</u>	<u>290.6</u>	<u>122.5</u>
1. Austria	1.0	0.9	0.8	0.8
2. Belgium	-	-	-	-
3. Canada	41.0	17.0	8.7	7.1
4. France	20.0	20.0	3.5	-
5. Germany	95.0	95.0	52.7	22.5
6. Italy	36.0	36.0	-	-
7. Japan	60.0	60.0	39.8	2.7
8. Netherlands.	11.0	11.0	7.4	-
9. United Kingdom	84.0	84.0	59.2	40.4
10. United States	<u>435.0</u>	<u>335.6</u>	<u>56.0</u>	<u>8.7</u>
DLF/AID	NA	300.8	39.0	7.4
Ex-Im	NA	34.8	17.0	1.3
11. IBRD and IDA	<u>245.0</u>	<u>95.0</u>	<u>62.5</u>	<u>40.3</u>
IBRD	105.0	-	-	-
IDA	140.0	95.0	62.5	40.3

(Continued.).....

<u>Members.</u>	<u>Pledges</u>	<u>Amount for which agree- ments have been signed.</u>	<u>Value of orders placed.</u>	<u>Amount dis- bursed.</u>
Subtotal, 1965/66 pledges	<u>1027.0</u>	<u>138.8</u>	<u>37.8</u>	<u>15.7</u>
1. Austria	5.0	1.0	-	-
2. Belgium	4.0	4.0	-	-
3. Canada	41.0	0.4	0.4	0.4
4. France	20.0	-	-	-
5. Germany	36.0	23.4	23.4	6.8
6. Italy	36.0	36.0	-	-
7. Japan	60.0	60.0	-	-
8. Netherlands.	11.0	-	-	-
9. United Kingdom	84.0	14.0	14.0	8.5
10. United States	<u>435.0</u>	<u>-</u>	<u>-</u>	<u>-</u>
DLF/AID	NA	-	-	-
Ex-Im.	NA	-	-	-
11. IBiD and IDA	<u>245.0</u>	<u>-</u>	<u>-</u>	<u>-</u>
IBiD	105.0	-	-	-
IDA	140.0	-	-	-

Summary concluded

For details please see enclosed statement

DETAILS OF CONSORTIUM ASSISTANCE
VALUE OF ORDERS PLACED AND AMOUNTS DISBURSED
UNDER VARIOUS AID AGREEMENTS AS OF JUNE 30, 1965.

(US \$ Million)			
Agreement	Amount of Agreement	Orders placed	DISBURSEMENT
1.	2.	2.	3.
<u>GRAND TOTAL</u>	<u>4223.0</u>	<u>3212.1</u>	<u>2240.1</u>
Sub-total 1961/63 pledges.	<u>2313.3</u>	<u>2135.5</u>	<u>1739.3</u>
<u>Austria</u> - sub-total	<u>5.0</u>	<u>5.0</u>	<u>4.5</u>
Credit for Capital Goods.	5.0	5.0	4.5
<u>Belgium</u> - Sub-total	<u>10.0</u>	<u>10.0</u>	<u>2.5</u>
Suppliers' Credits	10.0	10.0	2.5 <i>e/B</i>
<u>Canada</u> - Sub-total	<u>58.8</u>	<u>57.4</u>	<u>49.0</u>
<u>Loans</u> - Sub-total	<u>23.4</u>	<u>22.2</u>	<u>15.7</u>
Rana Pratap Sagar Hydro-electric Project.	7.4	7.1	4.9
Indian Aluminium Co. Expansion (I Loan)	0.9	0.9	0.9
Diesel Locos for Indian Railways.	7.1	7.1	7.1
Binani Zinc Smelter.	1.5	1.5	0.3
Indian Aluminium Co. Expansion (II Loan)	0.8	0.4	0.2
Wind Tunnel Project	3.9	3.4	2.1
Amco furnace for Durgapur Alloy Steel Project.	1.8	1.8	0.2
<u>Grants</u> , sub-total	<u>35.4</u>	<u>35.2</u>	<u>33.2</u>
<u>France</u> , Sub-total	<u>60.0</u>	<u>43.6</u>	<u>28.5</u>
First Credit for Third Plan	30.0	43.6	28.5 <i>1/B</i>
Second Credit for Third Plan	20.0		
I.F.C. Credit	10.0	-	-
<u>Germany</u> , Sub-total	<u>363.9</u>	<u>359.4</u>	<u>303.1</u>
Credits DM 230, DM100 and DM 170 Million in 1961 Plus DM 85 and DM 100 million in 1962 DM 53 m. Credit for Rourkela Services.	171.3	171.3	171.3
DM 107 m. Credit for Projects	14.0	14.0	7.8
DM 75 m. Credit for Commodities.	26.8	26.8	26.8
DM 20 m. for I.C.I.C.I.	18.8	18.8	16.6
DM 20 m. for I.C.I.C.I.	5.0	4.3	3.5
DM 25 m. for I.F.C.	6.2	3.1	1.3
DM 5 m. for N.S.I.C.	1.3	0.6	-
DM 82 m. credit for infrastructure Projects.	20.5	20.5	20.5
DM 400 m. Credit for Rourkela Expansion.	100.0	100.0	55.3

(Contd.....)

1.	2.	3.	4.
Italy, sub-total	53.8	38.9	19.4
ENI Credit for Petroleum Projects.	45.0	30.9	11.9
Montecatini Credit for Madras Aluminium	8.8	8.0	7.5
Japan, Sub-total	105.0	105.0	100.3
34.2 billion yen Credit for Capital goods.	95.0	95.0	90.3
Suppliers' Credit for Textile Machinery	10.0	10.0	10.0
Netherlands, Sub-total	11.0	11.0	8.6
Credit for capital goods.	11.0	11.0	8.6
United Kingdom, Sub-total	266.0	259.0	179.9
UK-India (General) Credits 1961 (First and Second) (I + II)	42.0	42.0	42.0
UK-India(FYP)Credit, 1961	84.0	84.0	74.1
UK-India(General) Credit, 1962.	28.0	28.0	14.5
UK-India(Durgapur Expansion) Credit 1962	61.6	61.6	28.3
UK-India(FYP)Credit, 1962	36.4	29.4 1/2	7.0
Second UK-India(General) Credit 1962	14.0	14.0	14.0
United State, Sub-total	954.3	896.1	794.4
Exim Bank, Sub-total	96.6	93.3	77.4
1 Air India-I	4.1	4.1	4.1
4 Orient Paper Mills	18.5	18.5	17.9
2 Air India-II	8.1	8.1	8.1
6 East India Hotels.	0.7	0.5	0.5
3 Exim Credit-III for capital goods.	25.0	25.0	23.3
5 Union Carbide.	7.6	5.2	3.5
7 Diesel Locomotive Works-I	19.0	19.0	15.2
8 Hindustan Aluminium-II	5.0	5.0	2.9
9 Bharat Forge	3.9	3.2	1.9
10 Indian Rayon Corporation	4.7	4.7	-
DIF/AID Sub-total	857.7	802.8	717.0
1 ICICI	5.0	2.5	2.0
2 NSIC	10.0	8.7	8.7
4 Talcher Power	33.0	31.3	17.0
6 Sharavati Power - II	18.4	15.3	9.3
5 Birshinghpur Power	8.4	8.4	4.6
3 Premier Automobiles- I	7.2	7.2	7.0

(Contd.....)

1.	2.	3.	4.
7 Non-ferrous Metals.	20.0	20.0	20.0
10 Bandel Power	38.0	37.4	32.0
8 Cambay Power	33.6	31.7	31.6
9 Non-Project Loan- I	200.0	200.0	199.5
11 Patherdih Coal Washery	4.2	4.2	3.6
13 Fourth Railway Loan	43.0	43.0	42.6
12 Pamba - Kakki Power	20.2	16.4	13.9
14 I.F.C.- II	20.0	3.6	2.7
15 Premier Automobiles-II	3.0	3.0	2.9
16 Trombay Power	17.9	16.6	15.8
17 D.C.M. Rayon Tire Cord.	9.8	7.4	7.4
20 Nepco. Bavel Gear	2.3	2.3	2.3
18 TELCO -I	13.7	13.4	13.0
19 Hindustan Motors.	15.8	15.2	11.8
23 Non-Project Loan -II	240.0	240.0	234.9 1/ (D)
21 Delhi Thermal Power.	16.0	11.3	4.2
22 Satpura Thermal Power.	25.1	18.1	7.9
24 Ramagunddam Power	8.4	5.0	1.1
25 Chandrapura Thermal Power -II	16.0	12.3	2.5
26 Railways- V	15.9	15.9	12.5
27 Central ropeways.	7.7	7.5	3.1
28 Dugda Coal Washery	5.1	5.1	3.1
<u>World Bank Sub-total</u>	<u>175.5</u>	<u>134.4</u>	<u>98.7</u>
3 Private Sector Coal	35.0	33.4	18.6
2 Calcutta Port-II	21.0	14.0	6.7
1 Railway - VI	50.0	50.0	50.0
4 IISCO-III	19.5	7.2	2.8
5 ICICI-IV	20.0	18.3	11.8
6 ICICI-V	30.0	11.5	8.8
<u>IDA Sub-total</u>	<u>250.0</u>	<u>215.7</u>	<u>150.4</u>
1 Roads	60.0	60.0 d/ (e)	47.1
2 U.P. Tubewells	6.0	6.0 d/ "	6.0
3 Shetrunji Irrigation	4.5	3.9 d/ "	2.8

(Continued.....)

	2.	3.	4.
4 Salandi Irrigation.	8.0	5.3 d/ e	1.4
5 Punjab Drainage	10.0	10.0 d/ "	9.1
6 D.V.C.-IV	18.5	18.5	8.6
7 Sone Irrigation.	15.0	14.0 d/ "	9.5
8 Purna Irrigation.	13.0	8.1 d/ "	7.5
9 Koyna- II	17.5	6.0	5.3
10 Bombay Port	18.0	5.0	2.9
11 Telecommunications- I	42.0	42.0	26.1
12 Railways- VII	17.5	17.5	17.5
13 Kothagundam Power	20.0	19.4	6.6
<u>Sub-total 1963-/64 pledges.</u>	<u>1016.5</u>	<u>748.2</u>	<u>362.6</u>
<u>Austria, Sub -total</u>	<u>7.0</u>	<u>6.2</u>	<u>2.0</u>
Credit for Capital goods.	7.0	6.2	2.0
<u>Belgium, Sub-total</u>	<u>10.0</u>	<u>4.8.</u>	<u>-</u>
Suppliers' Credit	10.0	4.8 f/ ok	-
<u>Canada, Sub-total</u>	<u>23.5</u>	<u>15.0</u>	<u>9.0</u>
<u>Loans.</u>			
Kot Hydro Electric Project.	7.4	4.2	Neg.
<u>Grants</u>	<u>16.1</u>	<u>10.8</u>	<u>9.0</u>
<u>France, Sub-total</u>	<u>20.0</u>	<u>20.0 k/ (j)</u>	<u>-</u>
Third Credit for Third Plan	20.0	20.0 g/ (h)	-
<u>Germany, Sub-total</u>	<u>99.5</u>	<u>80.1</u>	<u>26.9</u>
DM 61.4 m. credit for Rourkela Refinancing.	15.4	15.4 c/ (i)	15.4
DM 40 m. for commodities.	10.0	7.4	-
DM 40 m. for selected continuing Projects.	10.0	8.6	-
DM 60. m. for Alloy Steel Plant.	15.0	9.9	0.9
DM. 14 m. for Rourkela Expansion.	3.5 a/ (j)	3.5	-
DM 23.5 m. for commodities.	5.9 a/ "	-	-
DM 28.1 m. for downpayment for ships	7.0	6.3	6.3
DM 10 M. for ICICI	2.5	-	-
DM 5 m. for NSIC	1.2	-	-
DM 116 m. Suppliers' Credit for purchase of ships.	29.0	29.0	4.3

(Continued)

1.	2.	3.	4.
Italy, Sub-total	<u>45.0</u>	<u>9.3</u>	<u>-</u>
Suppliers' Credit	45.0	9.3	-
Japan, Sub-total	<u>65.0</u>	<u>61.7</u>	<u>16.6</u>
Third Yen Credit (23.4 billion)	65.0	61.7	16.6
Netherlands, Sub-total	<u>11.0</u>	<u>11.0</u>	<u>-</u>
Machinery and Commodities	11.0	11.0	-
United Kingdom, Sub-total	<u>84.0</u>	<u>79.7</u>	<u>52.6</u>
Steel, 1963	9.8	9.8	8.2
General, 1963	28.0	28.0	28.0
Kipping Loan, 1963	11.2	11.2	0.2
General, 1964	14.0	14.0	14.0
Bhopal, 1964	7.0	5.5	1.2
First UK-India (Five Year Plan)	14.0	11.2	1.0
United States Sub-Total	<u>377.5</u>	<u>325.4</u>	<u>157.8</u>
Exim Bank, Sub-total	<u>57.3</u>	<u>18.4</u>	<u>1.1</u>
Coromandel Fertilizers.	27.0	6.3	0.7
Exim Credit- IV	25.0	10.0	-
Mysore Acetate & Chemicals.	2.1	2.1	0.4
Chemicals & Plastics.	3.2	-	-
AID : Sub-total	<u>320.2</u>	<u>307.0</u>	<u>156.7</u>
Tarapore Atomic Power	80.0	75.8	10.9
Non-Project Loan- III	225.0	225.0	141.4
Trombay Fertilizer (II)	7.8	6.2	4.4
National Engineering Industries.	4.3	-	-
Sharavati Hydro-Electric Project-III	3.1	-	-
IRD- Sub-total	<u>134.0 h/</u>	<u>N.A.</u>	<u>-</u>
Power transmission Schemes	70.0	N.A.	-
Kothagudem Power	14.0	N.A.	-
ICICI-VI	50.0	-	-
I.D.A. Sub total	<u>140.0</u>	<u>135.0</u>	<u>97.7</u>
Railways- VII	50.0	50.0	50.0
Industrial Imports.	90.0	85.0	47.7

(Continued)

1.	2.	3.	4.
<u>Sub-total 1964/65 pledges.</u>	<u>754.5</u>	<u>290.6</u>	<u>122.5</u>
<u>Austria, Sub total</u>	<u>0.9</u>	<u>0.8</u>	<u>0.8</u>
For capital goods and commodities	0.9	0.8	0.8
<u>Canada, Sub- total</u>	<u>17.0</u>	<u>8.7</u>	<u>7.1</u>
<u>Loans.</u>			
Canada atomic Power Project	0.6 b/ (L)	0.6	0.6
<u>Grants.</u>	<u>16.4</u>	<u>8.1</u>	<u>6.5</u>
<u>France, Sub- total</u>	<u>20.0</u>	<u>3.5 k/ (3)</u>	<u>-</u>
Fourth Credit for Third Plan	20.0	3.5	-
<u>Germany, sub- total</u>	<u>95.0</u>	<u>52.7</u>	<u>22.5</u>
1 DM 90 m. for Bourkela repayments.	22.5	22.5 g/ (i)	22.5
2 DM 55 m. for commodities	13.8	2.0	-
3 DM 40 m. for financing continuing Projects.	10.0 a/ (j)	10.0	-
DM 10 m. for Neyveli Mining Scheme	2.5	2.5	-
DM 6.4 m. for Sawang Coal Washery	1.6	-	-
DM 13 m. for MISL Electric Arc Furnace	3.3 a/	-	-
DM 30.6 m. for other Projects.	7.6 a/	-	-
DM 15 m. for I.F.C.	3.8 a/	0.3	-
DM 5 m. for ICICI	1.2	-	-
DM 5 m. for NSIC	1.2 a/	-	-
DM 82 m. Suppliers' Credit for ships	20.5	15.4	-
DM 28 m. Suppliers Credit for items other than ships.	7.0	-	-
<u>Italy, Sub- total</u>	<u>36.0</u>	<u>-</u>	<u>-</u>
Suppliers Credit.	36.0	-	-
<u>Japan, Sub- total</u>	<u>60.0</u>	<u>39.8</u>	<u>2.7</u>
IV th Yen Credit (21.6 billion)	60.0	39.8	2.7
<u>Netherlands, Sub- total</u>	<u>11.0</u>	<u>7.4</u>	<u>-</u>
For capital Goods, raw materials and commodities.	11.0	7.4	-
<u>United Kingdom, Sub- total</u>	<u>84.0</u>	<u>59.2</u>	<u>40.4</u>
Second UK- India (General) Credit 1964	28.0	28.0	28.0
Second UK-India (Five Year Plan) Credit , 1964	4.2	2.1	-
Third UK- India (Five Year Plan) Credit, 1964	4.3	1.0	-

(Continued)

1.	2.	3.	4.
Fourth- UK- India (Five Year Plan) Credit, 1964	2.8	0.7	-
Fifth UK- India (Five Year Plan) Credit 1964	3.5	1.5	-
Sixth UK- India (Five Year Plan) Credit 1964	9.0	9.0	-
Second UK- India (Bhopal) Credit, 1964	5.6	1.5	-
Third UK-India (General) Credit, 1964	11.2	-	-
First UK-India (General) Credit, 1965	14.0	14.0	12.4
UK-India (Five Year Plan) Credit, 1965	1.4	1.4	-
<u>United States. Sub- total</u>	<u>335.6</u>	<u>56.0</u>	<u>8.7</u>
<u>Exi. Bank. Sub- total</u>	<u>34.8</u>	<u>17.0</u>	<u>1.3</u>
Diesel Locomotive Works- II	17.0	17.0	1.3
Hindustan Aluminium- III	11.0	-	-
General Pulp Mills	6.8	-	-
<u>DLF/AID sub-total</u>	<u>300.8</u>	<u>39.0</u>	<u>7.4</u>
Commodity -Assistance Programme 1964-65 (I Tranche)	50.0	30.0	6.5
Railways- VI	7.2	7.2	0.7
Teleco- II	11.8	1.8	0.2
Consultancy Services.	2.0	-	-
I.P.C.-III	10.0	-	-
Hindustan Motors (Trucks)	23.0	-	-
Hindustan Motors (Shovels)	3.0	-	-
Commodity -Assistance Programme 1964-65(II Tranche)	190.0	-	-
Railways -VII	3.8	-	-
<u>I.D.A. Sub- Total</u>	<u>95.0</u>	<u>62.5</u>	<u>40.3</u>
Telecommunications- II	33.0	10.5	10.5
Railways -VIII	62.0	52.0	29.8
<u>Sub-total 1965/66 pledges</u>	<u>138.8</u>	<u>37.8</u>	<u>15.7</u>
<u>Australia- Sub-total</u>	<u>1.0</u>	<u>-</u>	<u>-</u>
Suppliers' Credit	1.0	-	-
<u>Belgium- Sub total.</u>	<u>4.0</u>	<u>-</u>	<u>-</u>
Suppliers' Credit	4.0	-	-
<u>Canada- Sub total</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
<u>Loans</u>			
Candu Atomic Power Project.	0.4 b/L	0.4	0.4

(Continued)

1.	2.	3.	4.
<u>France- Sub- total</u>	-	-	-
<u>Germany- Sub- total</u>	<u>23.4</u>	<u>23.4</u>	<u>6.8</u>
Of 23.6m. for Rijkswaterwerken.	23.4	23.4 <i>a/i</i>	6.8
<u>Italy- Sub-total</u>	<u>36.0</u>	-	-
Suppliers' Credit	36.0	-	-
<u>Japan- Sub- total</u>	<u>60.0</u>	-	-
Fifth Yen Credit (21.6 billion)	60.0	-	-
<u>Netherlands- Sub- total</u>	-	-	-
<u>United Kingdom . Sub- total</u>	<u>14.0</u>	<u>14.0</u>	<u>8.5</u>
Second UK- India (General) Credit- 1965	14.0	14.0	8.5
<u>United States, Sub- total</u>	-	-	-
<u>I.F.T.O., Sub- total</u>	-	-	-
<u>I.D.A., Sub- total</u>	-	-	-

- (j) a/ Final Loan agreement with Kreditanstalt not yet signed.
- (L) b/ The total amount of the project is \$ 34.2 million but an amount of \$/ 0.6 million will be adjusted against Canadian Pledges for 1964-65. and \$ 0.4 million against Canadian Pledges for 1965-66. According to the terms of the agreement the amount disbursed during a year will be adjusted against consortium pledges for that year.
- (i) a/ Notional.
- (e) d/ Including that portion of the value of contracts awarded locally, which is reimbursable from IDA on a percentage basis.
- (A) a/ Estimated upto 31.3.65.
- (F) f/ Amount reduced due to the fact that some of the contracts did not finally materialise.
- (h) a/ Includes ordering against the Fourth Credit.
- (K) h/ This exceeds the pledges for 1963-64 and absorbs the balance out of pledges for 1961-63.
- (C) i/ Amount reduced due to cancellation of order.
- (D) j/ Provisional.
- (g) k/ Of the total value of orders placed under Third & Fourth Credits, contracts valued at \$ 12.0 million have been notified to the French authorities.
- (B) l/ Combined for all the four French Credits for Third Plan.
- m/ The pledge is for \$ 0.85 million. \$ 1 million is shown as rounded figure, since it is also being shown by IBRD in Consortium press releases.

OFFICE MEMORANDUM

TO: Mr. Gregory Votaw

DATE: August 9, 1965.

FROM: S. Guhan

SUBJECT: INDIA CONSORTIUM: Quarterly report on the utilization of Aid.

I have been informed of some slight variations in the information furnished in the Bank document No. IND 65-11 dated June 15, 1965 on the utilization of Aid covering the quarter ending March 31, 1965. I enclose herewith a copy of IND 65-11 where the changes have been incorporated.

2. The changes are to be found in the following pages:

Page 10 - to read 'Telco' instead of 'Telecommunications'

Page 11 - to read 'c/ Upto 31/12/64' instead of 'c/ Upto 31/1/64'

Page 13 - Columns marked 'not reported' have been filled in.

Page 23 - 1 (f) - to read 'February 1, 1968' instead of 'October 1, 1966.'

Page 24 - 3 (g) - to read 'Loan expected to be fully utilized by December, 1967' instead of 'Twenty-four to thirty months.'

Page 25 - 5 (a) and an addition of '6'

Page 26 - 1 Austria and 3 (a)

Page 27 - addition of (e) under 4.

Page 28 - 1 (a)

Page 29 - 3.

S. Guhan

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IND 65-11

June 15, 1965

FROM: The Secretary

INDIA CONSORTIUM: QUARTERLY REPORT ON THE UTILIZATION OF AID

A report on the utilization of Consortium financial assistance to India, covering the quarter ending March 31, 1965, is attached. This report, prepared by the South Asia Department, follows the format approved at the Consortium meeting in March 1964.

Members receiving this report are asked to notify this office immediately of any errors or omissions.

Members are also reminded that their reports for the quarter ending June 30, 1965 will be due no later than July 31, 1965. In preparing these reports the format outlined in IND 64-10 (distributed April 10, 1964) should be followed.

Distribution:

Executive Directors for:

Austria	Italy
Belgium	Japan
Canada	Netherlands
France	United Kingdom
Germany	United States

Chairman, India Consortium
Director, South Asia Department

Embassy of Japan
Managing Director, IMF

For information:

President
President's Council
Executive Director for India
Department Heads (Other)
Resident Representative, India

INDIA CONSORTIUM

QUARTERLY REPORT ON THE UTILIZATION OF AID

(January 1 -- March 31, 1965)

South Asia Department
June 14, 1965

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ANNEX A

THE VALUE OF AGREEMENTS SIGNED AND DISBURSEMENTS AGAINST
CONSORTIUM PLEDGES FOR THE THIRD PLAN

Table A-1 summarizes agreements signed, orders placed and amounts disbursed against pledges from each member of the consortium for the first four years of the Third Plan.

Table A-2 gives a project-by-project breakdown of orders placed and disbursements as of March 31, 1965. We have tried to list these projects in the same order as in previous quarterly reports.

A comparison with IND 65-3, which was circulated on February 17, 1965, indicates that during the January/March period agreements have been signed for an additional \$71 million, orders were placed for \$138 million and disbursements were \$214 million. Compared with the previous quarter this represents a decrease in the pace of agreements and orders placed while the rate of disbursements was approximately maintained.

The data in Table A-1 indicate that, at the end of the fourth year of the Third Five-Year Plan, 83.6 percent of the pledges made for the first four years were translated into agreements, 68.1 percent into orders placed, and 45.4 percent into disbursements.

TABLE A-1

SUMMARY OF THIRD PLAN AID TO INDIA:
PLEDGES, AGREEMENTS SIGNED, ORDERS PLACED AND AMOUNTS
DISBURSED, BY CONSORTIUM MEMBERS, AS OF MARCH 31, 1965

(US \$ million)

Member	Pledges	Amount for which agreements have been signed	Value of orders placed	Amount dis- bursed
Total, all pledges	<u>4,445.0</u>	<u>3,713.8</u>	<u>3,028.9</u>	<u>2,020.0</u>
1. Austria	13.0	12.8	11.1	5.4
2. Belgium	20.0	20.0	18.7	3.5
3. Canada	132.5	99.5	77.3	55.0
4. France	100.0	100.0	63.6	27.3
5. Germany	558.5	558.4	487.6	334.1
6. Italy	134.0	134.8	44.8	19.1
7. Japan	230.0	230.0	198.0	101.6
8. Netherlands	33.0	33.0	17.5	5.8
9. United Kingdom	434.0	434.0	403.6	265.7
10. United States	<u>1,850.0</u>	<u>1,430.8</u>	<u>1,192.1</u>	<u>877.1</u>
DLF/AID	NA	1,248.9	1,076.4	805.0
Ex-Im	NA	181.9	115.7	72.1
11. IBRD and IDA	<u>940.0</u>	<u>660.5</u>	<u>514.6</u>	<u>325.4</u>
IBRD	<u>410.0</u>	<u>175.5</u>	<u>131.9</u>	<u>92.7</u>
IDA	530.0	485.0	382.7	232.7
Subtotal, 1961-63 pledges	<u>2,365.0</u>	<u>2,308.8</u>	<u>2,106.4</u>	<u>1,629.5</u>
1. Austria	5.0	5.0	5.0	4.1
2. Belgium	10.0	10.0	10.0	3.5
3. Canada	61.0	59.0	57.2	46.4
4. France	60.0	60.0	43.6	27.3
5. Germany	364.0	363.9	356.8	284.7
6. Italy	53.0	53.8	38.9	19.1
7. Japan	105.0	105.0	105.0	88.7
8. Netherlands	11.0	11.0	11.0	5.8
9. United Kingdom	266.0	266.0	255.3	173.2
10. United States	<u>980.0</u>	<u>949.6</u>	<u>876.0</u>	<u>755.1</u>
DLF/AID	<u>857.4</u>	<u>857.7</u>	<u>788.0</u>	<u>683.0</u>
Ex-Im	122.6	91.9	88.0	72.1
11. IBRD and IDA	<u>450.0</u>	<u>425.5</u>	<u>347.6</u>	<u>221.6</u>
IBRD	<u>200.0</u>	<u>175.5</u>	<u>131.9</u>	<u>92.7</u>
IDA	250.0	250.0	215.7	128.9

(continued)

TABLE A-1 concluded

<u>Member</u>	<u>Pledges</u>	<u>Amount for which agreements have been signed</u>	<u>Value of orders placed</u>	<u>Amount dis- bursed</u>
Subtotal, 1963/64 pledges	<u>1,052.0</u>	<u>887.2</u>	<u>645.5</u>	<u>299.1</u>
1. Austria	7.0	7.0	6.1	1.3
2. Belgium	10.0	10.0	8.7	-
3. Canada	30.5	23.5	12.6	8.0
4. France	20.0	20.0	20.0	-
5. Germany	99.5	99.5	78.0	26.9
6. Italy	45.0	45.0	5.9	-
7. Japan	65.0	65.0	61.1	11.1
8. Netherlands	11.0	11.0	6.5	-
9. United Kingdom	84.0	84.0	79.7	52.1
10. United States	<u>435.0</u>	<u>382.2</u>	<u>261.9</u>	<u>122.0</u>
DLF/AID	NA	320.2	251.2	122.0
Ex-Im	NA	62.0	10.7	-
11. IBRD and IDA	<u>245.0</u>	<u>140.0</u>	<u>105.0</u>	<u>77.7</u>
IBRD	105.0	-	-	-
IDA	140.0	140.0	105.0	77.7
Subtotal, 1964/65 pledges	<u>1,028.0</u>	<u>517.8</u>	<u>277.0</u>	<u>91.4</u>
1. Austria	1.0	0.8	-	-
2. Belgium	-	-	-	-
3. Canada	41.0	17.0	7.5	0.6
4. France	20.0	20.0	-	-
5. Germany	95.0	95.0	52.8	22.5
6. Italy	36.0	36.0	-	-
7. Japan	60.0	60.0	31.9	1.8
8. Netherlands	11.0	11.0	-	-
9. United Kingdom	84.0	84.0	68.6	40.4
10. United States	<u>435.0</u>	<u>99.0</u>	<u>54.2</u>	<u>-</u>
DLF/AID	NA	71.0	37.2	-
Ex-Im	NA	28.0	17.0	-
11. IBRD and IDA	<u>245.0</u>	<u>95.0</u>	<u>62.0</u>	<u>26.1</u>
IBRD	105.0	-	-	-
IDA	140.0	95.0	62.0	26.1

Source: Government of India

TABLE A-2

DETAILS OF CONSORTIUM ASSISTANCE
VALUE OF ORDERS PLACED AND AMOUNTS DISBURSED
UNDER VARIOUS AID AGREEMENTS AS OF MARCH 31, 1965

(US \$ million)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Grand total	<u>3,713.8</u>	<u>3,028.9</u>	<u>2,020.0</u>
Subtotal, 1961-63 pledges	<u>2,308.8</u>	<u>2,106.4</u>	<u>1,629.5</u>
Austria, subtotal	<u>5.0</u>	<u>5.0</u>	<u>4.1</u>
Credit for capital goods	<u>5.0</u>	<u>5.0</u>	<u>4.1</u>
Belgium, subtotal	<u>10.0</u>	<u>10.0</u>	<u>3.5</u>
Suppliers' credits	<u>10.0</u>	<u>10.0</u>	<u>3.5</u> a/
Canada, subtotal	<u>59.0</u>	<u>57.2</u>	<u>46.4</u>
Loans, subtotal	<u>23.4</u>	<u>22.1</u>	<u>13.3</u>
Rana Pratap Sagar Hydro-electric Project	7.4	7.0	3.1
Indian Aluminium Co. Expansion I	0.9	0.9	0.9
Diesel Locos for Indian Railways	7.1	7.1	7.1
Binani Zinc Smelter	1.5	1.5	0.3
Indian Aluminium Co. Expansion II	0.8	0.4	-
Wind Tunnel Project	3.9	3.4	1.8
Amco Furnace for Durgapur Alloy Steel Project	1.8	1.8	0.1
Grants, subtotal	<u>35.6</u>	<u>35.1</u>	<u>33.1</u>
France, subtotal	<u>60.0</u>	<u>43.6</u>	<u>27.3</u>
First Credit for Third Plan	30.0)	43.6	27.3 b/
Second Credit for Third Plan	20.0)	-	-
IFC Credit	10.0	-	-
Germany, subtotal	<u>363.9</u>	<u>356.8</u>	<u>284.7</u>
Credits DM 230, DM 100 and DM 170) million in 1961)	171.3	171.3	171.3
Plus DM 85 and DM 100 million in) 1962)			
DM 56 m. credit for Rourkela services	14.0	14.0	5.9 c/
DM 107 m. credit for Projects	26.8	26.8	26.8
DM 75 m. credit for Commodities	18.8	18.8	15.6
DM 20 m. for ICICI	5.0	3.6 c/	2.4 c/
DM 25 m. for IFC	6.2	1.2	0.9
DM 5 m. for N.S.I.C.	1.3	0.6 c/	- c/
DM 82 m. credit for infrastructure projects	20.5	20.5	20.5
DM 400 m. credit for Rourkela expansion	100.0	100.0	41.3 c/

(continued)

TABLE A-2 (continued)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Italy, subtotal	<u>53.8</u>	<u>38.9</u>	<u>19.1</u>
ENI credit for Petroleum projects	<u>45.0</u>	<u>30.9</u>	<u>11.9</u>
Montecatini credit for Madras aluminium	8.8	8.0	7.2
Japan, subtotal	<u>105.0</u>	<u>105.0</u>	<u>88.7</u>
Yen 34.2 billion credit for capital goods	95.0	95.0	78.7
Suppliers' credit for textile machinery	10.0	10.0	10.0
Netherlands, subtotal	<u>11.0</u>	<u>11.0</u>	<u>5.8</u>
Credit for capital goods	<u>11.0</u>	<u>11.0</u>	<u>5.8</u>
United Kingdom, subtotal	<u>266.0</u>	<u>255.3</u>	<u>173.2</u>
UK-India (General) Credits, 1961 (I & II)	42.0	42.0	42.0
UK-India (FYP) Credit, 1961	84.0	84.0	73.3
UK-India (General) Credit, 1962	28.0	28.0	14.1
UK-India (Durgapur Expansion) credit, 1962	61.6	52.5	25.1
UK-India (FYP) credit, 1962	36.4	34.8 d/	4.7
Second UK-India (General) credit 1962	14.0	14.0	14.0
United States, subtotal	<u>949.6</u>	<u>876.0</u>	<u>755.1</u>
Ex-Im Bank, subtotal	<u>91.9</u>	<u>88.0</u>	<u>72.1</u>
Air India I	<u>4.1</u>	<u>4.1</u>	<u>4.1</u>
Air India II	8.1	8.1	8.1
Capital Goods III	25.0	25.0	21.1
Orient Paper Mills	18.5	18.5	17.7
Union Carbide	7.6	4.6	2.8
East India Hotels	0.7	0.5	0.5
Diesel Locomotive Works I	19.0	19.0	14.4
Hindustan Aluminium II	5.0	5.0	2.9
Bharat Forge	3.9	3.2	0.5
DLF/AID, subtotal	<u>857.7</u>	<u>788.0</u>	<u>683.0</u>
ICICI	<u>5.0</u>	<u>2.4</u>	<u>1.4</u>
NSIC	10.0	8.7	8.7
Premier Automobiles I	7.2	7.2	6.9
Talchar Power	33.0	30.2	13.4
Birsinghpur Power	8.4	8.4	4.5

(continued)

TABLE A-2 (continued)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Sharavati Power II	18.4	14.4	5.8
Non-ferrous Metals	20.0	20.0	20.0
Cambay Power	33.6	31.7	31.4
Non-project Loan I	200.0	200.0	198.8
Bandel Power	38.0	37.4	31.5
Patherdih Coal Washery	4.2	4.2	3.6
Pamba-Kakki Power	20.2	16.4	14.8
Fourth Railway Loan	43.0	43.0	42.5
IFC II	20.0	3.0	2.1
Premier Automobiles II	3.0	3.0	2.9
Trombay Power	17.9	16.6	15.4
DCM Rayon Tire Cord	9.8	7.2	7.2
Telco I	13.7	13.4	12.9
Hindustan Motors	15.8	15.2	11.6
Nepco Bavel Gear	2.3	2.3	2.3
Delhi Thermal Power	16.0	6.3	2.2
Satpura Thermal Power	25.1	15.0	4.1
Non-project Loan II	240.0	240.0	223.1
Ramagunddam Power	8.4	5.0	-
Chandrapur Thermal Power II	16.0	8.5	1.3
Railways V	15.9	15.9	10.2
Central Ropeways	7.7	7.5	1.6
Dugda Coal Washery	5.1	5.1	2.8
World Bank, subtotal	<u>175.5</u>	<u>131.9</u>	<u>92.7</u>
Railway VI	50.0	50.0	50.0
Calcutta Port II	21.0	14.0	6.1
Private Sector Coal	35.0	33.1	17.0
IISCO III	19.5	7.2	2.5
ICICI IV	20.0	18.3	10.3
ICICI V	30.0	9.3	6.8
IDA, subtotal	<u>250.0</u>	<u>215.7</u>	<u>128.9</u>
Roads	60.0	60.0 <u>e/</u>	43.0
UP Tubewells	6.0	6.0 <u>e/</u>	6.0
Shetrunji Irrigation	4.5	3.9 <u>e/</u>	2.5
Salandi Irrigation	8.0	5.3 <u>e/</u>	1.4
Punjab Drainage	10.0	10.0 <u>e/</u>	9.1
DVC IV	18.5	18.5	3.6
Sone Irrigation	15.0	14.0 <u>e/</u>	6.2
Purna Irrigation	13.0	8.1 <u>e/</u>	7.5
Koyna II	17.5	6.0	4.8
Bombay Port	18.0	5.0	2.9
Telecommunications I	42.0	42.0	20.9
Railways VII	17.5	17.5	17.5
Kothagudem Power	20.0	19.4	3.5

(continued)

TABLE A-2 (continued)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Subtotal 1963/64 pledges	<u>887.2</u>	<u>645.5</u>	<u>299.1</u>
Austria, subtotal	<u>7.0</u> f/	<u>6.1</u>	<u>1.3</u>
Credit for capital goods	<u>7.0</u>	<u>6.1</u>	<u>1.3</u>
Belgium, subtotal	<u>10.0</u>	<u>8.7</u>	<u>-</u>
Suppliers' Credit	<u>10.0</u>	<u>8.7</u>	<u>-</u>
Canada, subtotal	<u>23.5</u>	<u>12.6</u>	<u>8.0</u>
Loans			
Kota Hydro-electric project	7.4	2.6	-
Grants	16.1	10.0	8.0
France, subtotal	<u>20.0</u>	<u>20.0</u>	<u>-</u>
Third Credit for Third Plan	<u>20.0</u>	<u>20.0</u> g/	<u>-</u>
Germany, subtotal	<u>99.5</u>	<u>78.0</u>	<u>26.9</u>
DM 61.4 m. credit for Rourkela			
Refinancing	15.4	15.4 h/	15.4
DM 40 m. for commodities	10.0	6.2	-
DM 40 m. for selected continuing			
projects	10.0 i/	8.5	-
DM 60 m. for Alloy Steel Plant	15.0	9.1	0.9
DM 14 m. for Rourkela Expansion	3.5 i/	3.5	-
DM 23.5 m. for projects/commodities	5.9 i/	-	-
DM 28.1 m. for downpayment for ships	7.0	6.3	6.3
DM 10 m. for ICICI	2.5	-	-
DM 5 m. for NSIC	1.2	-	-
DM 116 m. Suppliers' Credit for			
purchase of ships	29.0	29.0	4.3
Italy, subtotal	<u>45.0</u>	<u>5.9</u>	<u>-</u>
Suppliers' Credit	<u>45.0</u>	<u>5.9</u>	<u>-</u>
Japan, subtotal	<u>65.0</u>	<u>61.1</u>	<u>11.1</u>
Third Yen Credit (23.4 billion)	<u>65.0</u>	<u>61.1</u>	<u>11.1</u>
Netherlands, subtotal	<u>11.0</u>	<u>6.5</u>	<u>-</u>
Machinery and Commodities	<u>11.0</u>	<u>6.5</u>	<u>-</u>
United Kingdom, subtotal	<u>84.0</u>	<u>79.7</u>	<u>52.1</u>
Steel, 1963	<u>9.8</u>	<u>9.8</u>	<u>8.2</u>
General, 1963	28.0	28.0	28.0
Kipping Loan, 1963	11.2	11.2	0.2
General, 1964	14.0	14.0	14.0
Bhopal, 1964	7.0	5.5	0.9
First UK-India (Five Year Plan), 1964	14.0	11.2	0.8

(continued)

TABLE A-2 (continued)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
United States, subtotal	<u>382.2</u>	<u>261.9</u>	<u>122.0</u>
Ex-Im Bank, subtotal	<u>62.0</u>	<u>10.7</u>	<u>-</u>
Indian Rayon Corporation	<u>4.7</u>	<u>4.7</u>	<u>-</u>
Coromandel Fertilizers	27.0	-	-
Ex-Im Credit IV	25.0	6.0	-
Mysore Acetate & Chemicals	2.1	-	-
Chemicals & Plastics	3.2	-	-
AID, subtotal	<u>320.2</u>	<u>251.2</u>	<u>122.0</u>
Tarapore Atomic Power	<u>80.0</u>	<u>75.8</u>	<u>10.9</u>
Non-project Loan III	225.0	170.0	107.6
Trombay Fertilizer II	7.8	5.4	3.5
National Engineering Industries	4.3	-	-
Sharavati Hydro-electric Project III	3.1	-	-
IDA, subtotal	<u>140.0</u>	<u>105.0</u>	<u>77.7</u>
Railways VII	<u>50.0</u>	<u>50.0</u>	<u>50.0</u>
Industrial Imports	90.0	55.0	27.7
Subtotal 1964/65 pledges	<u>517.8</u>	<u>277.0</u>	<u>91.4</u>
Austria, subtotal	<u>0.8</u>	<u>-</u>	<u>-</u>
For capital goods and commodities	0.8	-	-
Canada, subtotal	<u>17.0</u>	<u>7.5</u>	<u>0.6</u>
Loans			
Candu Atomic Power Project	0.6 j/	0.6	0.6
Grants	16.4	6.9	-
France, subtotal	<u>20.0</u>	<u>-</u>	<u>-</u>
Fourth Credit for Third Plan	20.0	-	-
Germany, subtotal	<u>95.0</u>	<u>52.8</u>	<u>22.5</u>
DM 90 m. for Rourkela repayments	<u>22.5</u>	<u>22.5 h/</u>	<u>22.5</u>
DM 55 m. for Commodities	13.8	1.2	-
DM 40 m. for financing continuing projects	10.0 i/	10.0	-
DM 60 m. for Projects	15.0 i/	3.4	-
DM 15 m. for IFC	3.8 i/	0.3	-
DM 5 m. for ICICI	1.2 i/	-	-
DM 5 m. for NSIC	1.2 i/	-	-
DM 82 m. Suppliers' Credit for Ships	20.5	15.4	-
DM 28 m. Suppliers' Credit for items other than ships	7.0	-	-

(continued)

TABLE A-2 (continued)

<u>Agreement</u>	<u>Amount of agreement</u>	<u>Orders placed</u>	<u>Disburse- ments</u>
Italy, subtotal	36.0	-	-
Suppliers Credit	36.0	-	-
Japan, subtotal	60.0	31.9	1.8
Fourth Yen Credit (21.6 billion)	60.0	31.9	1.8
Netherlands, subtotal	11.0	-	-
For capital goods, raw materials and commodities	11.0	-	-
United Kingdom, subtotal	84.0	68.6	40.4
Second UK-India (General) Credit, 1964	28.0	28.0	28.0
Second UK-India (Five Year Plan) Credit, 1964	4.2	1.5	-
Third UK-India (Five Year Plan) Credit, 1964	4.3	NA	-
Fourth UK-India (Five Year Plan) Credit, 1964	2.8	NA	-
Fifth UK-India (Five Year Plan) Credit, 1964	3.5	1.9 k/	-
Sixth UK-India (Five Year Plan) Credit, 1964	9.0	9.0	-
Second UK-India (Bhopal) Credit, 1964	5.6	3.0 k/	-
Third UK-India (General) Credit, 1964	11.2	11.2 l/	-
UK-India (General) Credit, 1965	14.0	14.0	12.4
UK-India (Five Year Plan) Credit, 1965	1.4	-	-
United States, subtotal	99.0	54.2	-
Ex-Im Bank, subtotal	28.0	17.0	-
Diesel Locomotive Works II	17.0	17.0	-
Hindustan Aluminium III	11.0	-	-
DLF/AID, subtotal	71.0	37.2	-
Commodity Assistance Program	50.0	28.4	-
Railways VI	7.2	7.2	-
Telecommunications II	11.8	1.6	-
Consultancy Services	2.0	-	-
IDA, subtotal	95.0	62.0	26.1
Telecommunications II	33.0	10.0	6.6
Railways VIII	62.0	52.0	19.5

a/ Estimated.

b/ Combined for all the four French credits for Third Plan.

(continued)

Footnotes (continued)

- c/ Up to ^{31/12/64}~~31/1/64~~.
- d/ Amount reduced due to cancellation of order.
- e/ Including that portion of the value of contracts awarded locally, which is reimbursable from IDA on a percentage basis.
- f/ The amount for which agreements have been signed or initialled total up to \$7.85 million of which \$7.0 million is being shown against 1963/64 pledges and \$0.85 million is being shown against 1964/65 pledges.
- g/ Includes ordering against the Fourth Credit.
- h/ Notional.
- i/ Final loan agreement with Kreditanstalt not yet signed.
- j/ The total amount of the project is \$34.2 million but an amount of \$0.6 million will be adjusted against Canadian Pledges for 1964/65. According to the terms of the agreement the amount disbursed during a year will be adjusted against consortium pledges for that year.
- k/ Foreign exchange released, ordering not available.
- l/ Licensing full, ordering not available.

Source: Government of India

ANNEX B

NEW COMMITMENTS DURING THE QUARTER ENDED
MARCH 31, 1965

Reports on 23 new agreements signed or authorized by Belgium, Canada, France, Germany, the United Kingdom and the United States are reproduced in the following pages. Austria, Japan, the Netherlands, IBRD and the International Development Association signed no new commitments during the quarter. Italy reported no details on any recent agreements and the Government of India report confirms that no new agreements were signed with Italy during this quarter.

ANNEX B-BE

BELGIAN COMMITMENTS DURING THE QUARTER ENDED
MARCH 31, 1965

1. (a) Hydrosulphite installation
- (b) Borrower: Travancore Cochin Chemicals
Lender: ~~Not reported~~ *M/s Sepulchre Freres & Co, Brussels*
Date: ~~Not reported~~ *21st. August, 1964*
- (c) Amount: 25.4 million Belgian francs (US \$0.508 million)
- (d) Purpose: Purchase of a Hydrosulphite installation
- (e) Interest rate: ~~not reported~~ *6.75% per annum*
- (f) Amortization terms: 15% of the credits payable in cash and
85% payable in equal instalments over a
maximum period of ten years after deli-
veries or assembly, provided that the
total duration of the credit does not
exceed 12 years from the date of the order.

ANNEX B-CA

CANADIAN COMMITMENTS DURING THE QUARTER ENDED
MARCH 31, 1965

1. (a) Kota Dam Hydro-Electric Project
- (b) Borrower: India
Lender: Government of Canada (Exports Credit Insurance Corporation)
Date: February 18, 1965
Official Title: Kota Dam Hydro-Electric Project
- (c) Amount: Cdn. \$8,000,000 (US \$7,400,007)
- (d) Purpose: To cover the cost of services and equipment exported from Canada for the construction of facilities to generate 99,000 KW at the Kota Dam site, Chambal Valley, State of Madhya Pradesh, India.
- (e) Interest rate: 6%
- (f) Amortization terms: Principal repayments of Canadian dollars in 31 equal, successive semi-annual installments commencing March 15, 1970.
- (g) Forecast of disbursements: 1965 - Cdn. \$ 500,000
1966 - Cdn. \$4,000,000
1967 - Cdn. \$3,500,000
Cdn. \$8,000,000

FRENCH COMMITMENTS DURING THE QUARTER ENDED
MARCH 31, 1965

1. (a) Industrial Equipment
 - (b) Borrower: K C P Ltd. (Madras)
Lender: Fives-Lille Cail (Supplier credits guaranteed by the French Government)
Date of notification: January 1, 1965
 - (c) Amount: 556,490 Francs (US \$112,718)
 - (d) Purpose: Procurement of industrial equipment
 - (e) Interest rate: 5.25%
 - (f) Amortization terms: 10 years
2. (a) Electrical Equipment
 - (b) Borrower: Uttar Pradesh State Electricity Board
Lender: Ateliers de Constructions Electriques de DELLE (Supplier credits guaranteed by the French Government)
Date of notification: January 1, 1965
 - (c) Amount: 567,420 Francs 34 (US \$114,932)
 - (d) Purpose: Electrical equipment (switch board)
 - (e) Interest rate: 5.25%
 - (f) Amortization terms: 10 years
3. (a) Chemical Plant Equipment
 - (b) Borrower: Godavary Sugar Mills
Lender: SPEICHIM (Suppliers credits guaranteed by the French Government)
Date of notification: January 2, 1965
 - (c) Amount: 6,177,600 Francs (US \$125,129)
 - (d) Purpose: Equipment for a chemical plant
 - (e) Interest rate: 5.25%
 - (f) Amortization terms: 10 years

(continued)

4. (a) Electrical Equipment
 - (b) Borrower: Gujarat State Electricity Board
Lender: Gardy (Supplier credits guaranteed by the French Government)
Date of notification: January 2, 1965
 - (c) Amount: 570,414 Francs (US \$115,538)
 - (d) Purpose: Procurement of electrical equipment
 - (e) Interest rate: 5.25%
 - (f) Amortization terms: 10 years
5. (a) Hydro-electrical Equipment
 - (b) Borrower: Heavy Electricals
Lender: MINGORI S.A.R.L. (Supplier credits guaranteed by the French Government)
Date of notification: January 2, 1965
 - (c) Amount: 3,159,494 Francs (US \$639,962)
 - (d) Purpose: Hydro-electrical equipment (bending machines)
 - (e) Interest rate: 5.25%
 - (f) Amortization terms: 10 years
6. (a) Equipment for Machine Tools Plant
 - (b) Borrower: Hindustan Machine Tools
Lender: Alliance des Constructeurs Francais de Machines-Outils
(Supplier credits guaranteed by the French Government)
Date of notification: February 16, 1965
 - (c) Amount: 7,512,347 Francs 58 (US \$1,521,642)
 - (d) Purpose: Procurement of various equipment for a machine tools plant
 - (e) Interest rate: 5.25%
 - (f) Amortization terms: 10 years

(continued)

7. (a) Weaving Equipment

- (b) Borrower: Calicut Modern Spinning and Weaving Mills
Lender: Societe Alsacienne de Construction Mecanique (Supplier credits guaranteed by the French Government)
Date of notification: February 22, 1965
- (c) Amount: 776,800 Francs (US \$157,342)
- (d) Purpose: Procurement of weaving equipment
- (e) Interest rate: 5.25%
- (f) Amortization terms: 10 years

8. (a) Cement Plant Equipment

- (b) Borrower: KCP - Associated Cement Companies
Lender: Fives-Lille Cail, Fives-Penhoet, Engrenages Citroen, etc.
(Supplier credits guaranteed by the French Government)
Date of notification: February 22, 1965
- (c) Amount: 3,034,000 Francs (US \$614,540)
- (d) Purpose: Procurement of equipment for a cement plant
- (e) Interest rate: 5.25%
- (f) Amortization terms: 10 years

9. (a) Equipment for Coal Treatment

- (b) Borrower: National Coal Development Corporation
Lender: PIC (Supplier credits guaranteed by the French Government)
Date of notification: March 5, 1965
- (c) Amount: 2,051,789 Francs (US \$415,594)
- (d) Purpose: Procurement of equipment for coal treatment
- (e) Interest rate: 5.25%
- (f) Amortization terms: 10 years

(continued)

10. (a) Electrical Equipment

- (b) Borrower: Gujarat State Electricity Board and Madhya Pradesh
Lender: Merlin et Gerin (Supplier credits guaranteed by the
French Government)
Date of notification: March 5, 1965
- (c) Amount: 1,225,732 Francs (US \$248,274)
- (d) Purpose: Procurement of electrical equipment: switchboard,
transformers, etc.
- (e) Interest rate: 5.25%
- (f) Amortization terms: 10 years

11. (a) Cement Factory Equipment

- (b) Borrower: Associated Cement Companies
Lender: Engrenages et Reducteurs (Supplier credits guaranteed by
the French Government)
Date of notification: March 23, 1965
- (c) Amount: 3,054,890 Francs (US \$618,774)
- (d) Purpose: Procurement of equipment for a cement factory
- (e) Interest rate: 5.25%
- (f) Amortization terms: 10 years

12. (a) Rolling Machines

- (b) Borrower: Special Steels
Lender: Alfred Joliot (Supplier credits guaranteed by the French
Government)
Date of notification: March 23, 1965
- (c) Amount: 659,540 Francs (US \$133,591)
- (d) Purpose: Procurement of rolling machines
- (e) Interest rate: 5.25%
- (f) Amortization terms: 10 years.

GERMAN COMMITMENTS DURING THE QUARTER ENDED
MARCH 31, 1965

1. (a) Loan Agreement between Kreditanstalt fur Wiederaufbau Frankfurt-on-Main and India for DM 90 million
 - (b) Borrower: India
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt-on-Main
Date: January 11, 1965
Official title: Loan Agreement between Kreditanstalt fur Wiederaufbau, Frankfurt-on-Main and India for DM 90 million
 - (c) Amount: DM 90 million (US \$22.5 million)
 - (d) Purpose: Extension of payments on Rourkela transaction
 - (e) Interest rate: 5 $\frac{1}{2}$ %
 - (f) Amortization terms: 16 semi-annual installments of DM 2,812,000, beginning June 30, 1965, ending December 31, 1972 and 16 semi-annual installments of DM 2,813,000 beginning June 30, 1973 ending December 31, 1980.
 - (g) Forecast of disbursements: Completely disbursed by January 30, 1965.
2. (a) Loan Agreement with India
 - (b) Borrower: India
Lender: Kreditanstalt fur Wiederaufbau, Frankfurt-on-Main
Date: January 11, 1965
Official title: Loan Agreement between the Kreditanstalt fur Wiederaufbau, Frankfurt-on-Main and India, for DM 55 million
 - (c) Amount: DM 55 million (US \$13.75 million)
 - (d) Purpose: Financing of Supplies and Services from the Federal Republic of Germany (Commodities)
 - (e) Interest rate: 3%

(Continued)

2. (f) Amortization terms: 8 semi-annual installments of DM 1,527,000 beginning June 30, 1972, ending December 31, 1975 and 28 semi-annual installments of DM 1,528,000 beginning June 30, 1976, ending December 31, 1989.
- (g) Forècast of disbursements: Until December 31, 1966.

ANNEX B-UK

UNITED KINGDOM COMMITMENTS DURING THE QUARTER ENDED
MARCH 31, 1965

1. (a) General Credit
 - (b) Borrower: India
Lender: United Kingdom
Date: January 29, 1965
Official Title: United Kingdom - India (General) Credit Agreement 1965
 - (c) Amount: £5 million (US \$14 million)
 - (d) Purpose: Supply of goods and services from the U.K.
 - (e) Interest rate: In respect of each drawing, the rate at which the United Kingdom Government can borrow at the date of such drawing, plus a management charge of one eighth of one percent. Interest is waived for the first seven years of the loan.
 - (f) Amortization terms: 36 consecutive half-yearly installments of £135,000, the first of which is payable on February 29, 1972 and one installment of £140,000 payable on February 28, 1990.
 - (g) Forecast of disbursements: Almost the whole of this loan was disbursed during the financial year ending March 31, 1965.
2. (a) Sulphuric Acid Unit at Sindri
 - (b) Borrower: India
Lender: United Kingdom
Date: January 29, 1965
Official title: United Kingdom - India (Five Year Plan) Credit Agreement, 1965
 - (c) Amount: £500,000 (US \$1.4 million)
 - (d) Purpose: Capital or quasi-capital goods and services required for a sulphuric acid unit at Sindri fertiliser plant.
 - (e) Interest rate: As in 1 above.

(continued)

ANNEX B-UK (concluded)

2. (f) Amortization terms: 18 consecutive half-yearly installments of £13,000, the first of which is payable on February 29, 1972 and nineteen consecutive half-yearly installments of £14,000, the first of which is payable on February 28, 1981.
- (g) Forecast of disbursements: Not available.

UNITED STATES COMMITMENTS DURING THE QUARTER ENDED
MARCH 31, 1965

Part I - New Commitments Signed During the Quarter

1. (a) Chemicals & Plastics, Ltd.
 - (b) Borrower: Chemicals & Plastics, Ltd.
Lender: Export-Import Bank
Date: Signed February 16, 1965
Official title: Chemicals & Plastics, Ltd.
 - (c) Amount: \$3,150,000
 - (d) Purpose: To finance Polyvinyl Chloride Plastics Resin Plant (PVC)
at Mettur Dam and P.V.C. Products Plant, Bombay
 - (e) Interest rate: 5-3/4%
 - (f) Amortization terms: 20 equal semi-annual installments beginning
~~October 1, 1966~~ *from 1st February, 1968*
 - (g) Forecast of disbursements: Not available.
2. (a) Varanasi Locomotive Works
 - (b) Borrower: Varanasi Locomotive Works
Lender: Export-Import Bank
Date: Signed March 29, 1965
Official title: Varanasi Locomotive Works
 - (c) Amount: \$17,000,000
 - (d) Purpose: To finance component parts for 80 diesel locomotives
 - (e) Interest rate: 5-1/2%
 - (f) Amortization terms: 24 equal semi-annual installments beginning
January 15, 1968
 - (g) Forecast of disbursements: Not available.

(Continued)

3. (a) Consulting Services

(b) Borrower: Government of India
Lender: A.I.D.
Date: Authorized June 26, 1964
Signed March 31, 1965
Official title: Consulting Services

(c) Amount: \$2,000,000

(d) Purpose: To assist in financing the foreign exchange costs of hiring consulting firms and individual experts to provide assistance and advice to agencies of the Government of India and private Indian firms.

(e) Interest rate: 3/4% during grace period, 2% thereafter

(f) Amortization terms: 40 years maturity, including 10 years grace period

(g) Forecast of disbursements: ~~Twenty-four to thirty months~~
Loan expected to be fully utilized by December, 1967.

Part II - New Commitments Authorized During the Quarter

4. (a) Herdillia Chemicals, Ltd.

(b) Borrower: Herdillia Chemicals, Ltd.
Lender: Export-Import Bank

(c) Amount: \$3,340,000

(d) Purpose: To assist in financing equipment, machinery, materials and related services required for the construction and operation of a plant in the State of Maharashtra, India, for the production of heavy organic chemicals.

(e) Interest rate: 5-1/2% per annum

(f) Amortization terms: 13 years including 3 years grace period

(g) Forecast of disbursements: Not available.

(continued)

5. (a) Raw Materials, Equipment, Fertilizer, etc.

(b) Borrower: Government of India

Lender: A.I.D. *April*

Date: Authorized ~~March~~ *March* 13, 1965. *signed on June 17, 1965 -*
Official Title: Commodity Assistance Programme India 1964-65.

(c) Amount: \$190,000,000

(d) Purpose: To finance imports of raw materials, equipment, fertilizer and other goods necessary to Indian economic development.

(e) Interest rate: 1% per annum during grace period, 2-1/2% thereafter

(f) Amortization terms: 40 years maturity, including 10 year grace period

(g) Forecast of disbursements: ~~Not available.~~ *Loan expected to be fully utilised by December 31, 1966*

6. (a) Railway Development

(b) Borrower: Government of India

Lender: AID

Date: Authorized March 4, 1965.

signed June 17, 1965

Official Title: Seventh Railway

(c) Amount: \$ 3,800,000

(d) Purpose: Purchase and delivery of 21 broad gauge Diesel Electric Shunting Locomotives with a 2 years supply of spare parts.

(e) Interest Rate: 1% per annum during grace period:
 2 1/2 % thereafter.

(f) Amortization Terms: 40 years maturity, including 10 year grace period

(g) Forecast of disbursements: *Loan expected to be utilised fully by 30th June, 1967.*

ANNEX C

ADDITIONAL PROJECTS OR PROGRAMS UNDER ACTIVE CONSIDERATION

Consortium members were asked to indicate any additional projects or programs for which assistance is under active consideration but for which no firm commitment has yet been made. Several members responded and their answers are summarized below:

<u>Purpose</u>	<u>Approximate amount</u>
1. <u>Austria</u>	
A third credit agreement will shortly be concluded between Austria and India, relating to a US \$4 million line of credit that will cover the amount of the aid pledge still outstanding for 1963/64 and that for 1964/65. As in the case of the previous credits to India, the exchange made available by the credit will be used to purchase Austrian goods.	<i>Third agreement signed on 5.4.65</i>
2. <u>Belgium</u> (Belgian francs million)	299.7
These items are the so-called "promises", i.e., the authorities in Belgium have promised to guarantee the suppliers' credit subject to the transactions taking place within a period of validity of the promise. The period of validity is limited to a few months, but may be extended. Credit transactions for some of the items eventually may not take place.	
3. <u>Germany</u> (DM million)	
(a) Financing of individual projects (Commitment 1963/64) 1/	37.5 *
(b) Final financing of individual projects from the DM 107 and DM 82 million line of credit. 1/	40.0
(c) Financing of individual projects (Commitment 1964/65)	60.0
(d) For Indian Development Banks:	25.0
ICICI - DM 5 million	
IFCI - DM 15 million	
NSIC - DM 5 million	
4. <u>United States</u> (\$ million)	
<u>Under Consideration by AID:</u>	
Durgapur Power Plant Extension 1/	19.7

(continued)

** Exclusive of DM. 60 million for MISL?*

<u>Purpose</u>	<u>Approximate amount</u>
4. <u>United States (\$ million)</u>	
<u>Under Consideration by Export-Import Bank:</u>	
(a) Uttar Pradesh Pulp & Paper Mills, Ltd. <u>1/</u>	5.0
(b) The Modern Mills, Ltd. <u>1/</u>	5.0
(c) Nirlon Synthetic Fibres & Chemicals, Pvt. <u>1/</u>	12.0
(d) South Bend India, Ltd. <u>1/</u>	1.8
<i>e. Superior Paper Mills</i>	4.7
5. <u>IBRD and IDA (\$ million)</u>	
(a) Tata Iron and Steel Company <u>1/</u>	60.0
(b) Kothagudem Fertilizer <u>1/</u>	20.0
(c) Power Transmission <u>1/</u>	70.0
(d) Kothagudem Power II <u>1/</u>	14.0
(e) Indian Iron and Steel Company <u>1/</u>	14.5
(f) Bangalore Water Supply <u>1/</u>	25.0
(g) Industrial Imports II <u>2/</u>	80-100
(h) Industrial Finance (ICICI) VI <u>1/</u>	50.0
(i) Koyna Hydro-Electric III	18.5

1/ Reported previously.

2/ Project reported previously but the amount under consideration has changed.

ANNEX D

CORRECTIONS IN THE QUARTERLY REPORT FOR OCTOBER/DECEMBER 1964
(IND 65-3)

Members were requested to report any discrepancies between their own records and data given in the last quarterly report. Comments received from members are summarized below:

1. Austria

The records of the Austrian Ministry of Finance show the following deviations from the figures contained in the World Bank report relating the position at December 31, 1964:

(a) Orders placed:

	<u>Austrian Finance Ministry</u>	<u>Annex A IND 65-3 Indian Government</u>
	(US \$ million)	
Total orders placed	<u>8.7</u>	<u>8.7</u> <u>9.9</u>
1961/63 pledges:		
Credit for Capital Goods I	5.0	5.0
1963/64 pledges:		
Credit for Capital Goods II	3.7 ✓	<u>4.9</u> 3.7
Total Austrian Pledges	<u>12.8</u>	<u>12.85</u> <u>13.0</u>
Austrian Pledges 1964/65	0.8	<u>1.0</u> 0.85*

The discrepancies between the data given in the World Bank report, which are based on figures from Indian sources, and the Austrian records are probably explained by the fact that orders placed are recorded earlier by the Indian than the Austrian authorities, so that in certain cases orders were reported by India as having already been placed, whereas they were not listed in Austria until after December 31, 1964. In other words, the method of utilization of the credit is that the individual orders are first approved by the Indian Finance Minister as coming within the current credit framework, and are only then notified to the Austrian authorities in order that the Austrian exporter may be informed and the funds mobilized.

(b) Disbursements. According to the above-mentioned records, disbursements were made during the fourth quarter of 1964 of about US \$641,000 against Credit to India I and about US \$668,000 against Credit to India II, i.e. a total of about US \$1.3 million. However, a comparison of the World Bank reports at September 30, 1964 and December 31, 1964 shows an increase in disbursements during the fourth quarter of 1964 of only US \$200,000, the disbursements against Credit I being less by US \$400,000 at December 31, 1964 than at September 30, 1964, while disbursements against Credit II totaled about US \$600,000 which more or less tallies with the above-mentioned records.

(continued)

* \$1 million is shown as a rounded figure, since it is being shown by the IBRD in Comptroller's release.

2. Germany

In IND 65-3, page 5, there is mentioned an item of DM 100 million as Germany's consortium assistance for 1961. The Kreditanstalt fuer Wiederaufbau (KW) and the Government of India have subsequently (on October 11, 1961) reduced this amount by DM 30 million to DM 70 million. This has been done for the benefit of the Indian development banks with whom the following loan agreements were concluded:

ICICI (July 29, 1964)	DM 5 million (US \$1.25 million)
NSIC (July 14/29, 1964)	DM 10 million (US \$2.50 million)
IFCI (August 11/21, 1964)	DM 15 million (US \$3.75 million)

3. Japan

Japan noted differences in the value of orders placed ("The value of purchasing contracts approved by the Export-Import Bank of Japan.") as follows:

<u>Orders placed</u> *	<u>Japanese Government Records</u>	<u>Annex A IND 65-3 Indian Government</u>
Total, all pledges	191.2	127.7
1961/63 pledges	105.0	99.3
1963/64 pledges	61.0	26.3
1964/65 pledges	25.2	2.1

Japanese records generally indicate a smaller value of orders placed than that of the Indian Government's data, because of applications being in transit or under eligibility study by the Export-Import Bank of Japan.

4. India

The Government of India reported the following variations in the information furnished in IND 65-3 on the utilization of aid for the quarter ending December 31, 1964:

Annex A

Page 2, paragraph 3, the final sentence should read as follows:

About 41 percent of the value of total pledges has been disbursed but considering only the first two years' pledges nearly two thirds has now been drawn.

(continued)

* The figures appear to have been shown under wrong headings.

4. India (continued)

The Indian Government notes the following changes:

Annex B

Belgium: 1. (c) Amount: 68.6 million Belgian francs (\$1.227 million) excluding interest.
2. (c) Amount: 68.2 million Belgian francs (\$1.22 million) excluding interest.
3. (c) Amount: 28 million Belgian francs (\$0.4888 million) excluding interest.

France: 1. (e) Interest rate: 5% plus credit insurance premium.

Germany: 2. (f) Amortization terms: Repayment must be completed by December 31, 1984 at latest in accordance with an amortization schedule to be agreed.

United States:

- 1. (b) Dates: Authorized April 16, 1964
Signed November 30, 1964.
- 2. (b) Dates: Authorized July 8, 1964
Signed November 30, 1964.
- 3. (b) Dates: Authorized August 6, 1964
Signed November 30, 1964.

Annex C

3. Canada (Cdn \$ million)

(a) Design, erection and commissioning services and capital equipment required for electric re-heating and heat treating furnaces for Hindustan Steel Limited, Specialty Alloy Steel Mill. 2.06

4. Germany (DM million)

(b) Loan to Development Banks 6.25

(Items which were shown as (b), (c) and (d) now are items (c), (d) and (e).)

5. United States (\$ million)

Under consideration by AID:

(d) Commodity program assistance 1964/65
Fifth Non-project, including fertilizers 190.0

(continued)

4. India (continued)

5. United States (\$ million)

Under consideration by AID:

Add: Dhuvaran Thermal Power Project Extension 32.32

Airborne survey for investigation of mineral
deposits 3.50

6. Under consideration by Export-Import Bank:

Add: (1) Sirpur Paper Mills 2.90

8/7
OFFICE MEMORANDUM*Consent W.*
STRICTLY CONFIDENTIAL

TO: President's Office Files ✓

DATE: August 5, 1965

FROM: G.M. Wilson *GMW*SUBJECT: India

DECLASSIFIED

AUG 27 2013

WBG ARCHIVES

On 29th July I went over the ground covered in Mr. Wishart's note of August 4 with four U.K. representatives who happened to be in Washington for the meeting on Ceylon. They were: Mr. Milner-Barry, Treasury, Sir Algernon Rumbold, Commonwealth Relations Office, Mr. Belcher, Ministry of Overseas Development and Mr. Hogg, Bank of England, all of whom have been intimately connected with Indian affairs for some years. They appreciated the position, but were very gloomy about the prospect of any appreciable increase in U.K. assistance to India in the near future. They promised to let me know about the conversations which they expect to be having with K.B. Lall when he returns to Europe from India.

cc: Mr. Woods
Mr. Knapp
Mr. Friedman
Mr. de Lattre
Mr. B. Bell

GMWilson/hd