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WITH SCHEDULE OF MEETINGS

WILL BE INSERTED

IN NEW DELHI

BACKGROUND MATERIAL

FOR

MR. MCNAMARA'S VISIT TO INDIA

November 1968

Economic reports and other important reference materials which are too bulky to be included in this volume are available with Mr. Votaw as per the attached list "Reference Materials".

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REFERENCE MATERIALS
For
MR. MCNAMARA'S VISIT TO INDIA
NOVEMBER 1968

The following reports, etc. are available with Mr. Votaw:

(1) Bank/IDA Projects under Consideration

- (a) Appraisal Report - Tarai Seeds Project, dated September 20, 1968 (TO-689);
- (b) Appraisal Report - Second Punjab and Haryana Flood Protection and Drainage Project and Agricultural Study, dated July 23, 1968 (TO-675).

(2) Economy

- (a) "Current Situation and Short-Term Prospects of the Indian Economy", dated January 2, 1968 (Report No. AS-131b);
- (b) "A Note on India's Current Economic Situation and Foreign Aid Requirements", dated April 25, 1968 (Report No. AS-137).

(3) Consortium

Chairman's Report of Proceedings of the Meeting of the India Consortium, held in Washington, D.C., on May 23/24, 1968, dated July 31, 1968 (IND 68-18).

(4) Procurement Policy

- (a) Letter from Deputy Prime Minister to Mr. Woods, enclosing Ministry of Finance staff paper, both dated July 10, 1967;
- (b) Bank/IDA staff memorandum responding to Deputy Prime Minister's letter above, dated September 8, 1967;
- (c) Memorandum from Asia Department to Loan Committee, concerning Procurement Policy, dated October 11, 1967;
- (d) Minutes of the Loan Committee Meeting of October 12, 1967 (LC/M/67-11, dated December 14, 1967);
- (e) Memorandum on International Competitive Bidding and Preference for Domestic Suppliers, prepared by Mr. Bell's Working Party, dated September 20, 1968;

- (f) Annex on Procurement Policy in India, attached to the Asia Department Memorandum to the Loan Committee for the Tarai Seeds Project, dated September 24, 1968;
- (g) Minutes of a Special Loan Meeting on the Tarai Seeds Project, held on September 27, 1968 (LM/M/68-18, dated October 29, 1968); and
- (h) Undated memorandum from GOI on the Proposed Mormugao Port Project.

(5) Fertilizer

- (a) Dodd - Report on the Fertilizer Industry in India, dated May 6, 1968 (Report No. IFC/T-27);
- (b) Bohr - Report on the Fertilizer Situation as of September 1968, dated September 24, 1968; and
- (c) Dodd - An Outline of Capacity Requirements to Meet Fertilizer Needs in India by 1974, dated October 28, 1968.

(6) Family Planning

- (a) AID Program Memorandum FY 1970 Annex 1 - Part 1 - "Family Planning: The GOI Program", dated September 1968;
- (b) Bell Mission 1964/65, Report, Volume XI "Family Planning", dated October 1, 1965 (no number);
- (c) Bell Mission 1966, Report, Volume IV "Family Planning", dated March 7, 1967 (Report No. AS-122a);
- (d) United Nations Advisory Mission, Report on the Family Planning Programme in India", dated February 20, 1966; and
- (e) Dr. S. Chandrasekhar: "How India is Tackling her Population Problem", published in Foreign Affairs, October 1968, Vol. 47 No. 1.

(7) Debt Relief

- (a) President's Memorandum on "Proposed Participation in Indian Debt Relief Action", dated February 1, 1968 (R68-21) with attachments (Working Paper of July 13, 1967 and Mr. Guindey's Report of January 18, 1968);
- (b) President's Memorandum on "Participation in Indian Debt Relief Action", dated March 8, 1968 (R68-39); and

- (c) Chairman's Report on the March 4/5, 1968, Meeting of the India Consortium, dated May 16, 1968 (IND 68-14).

BACKGROUND NOTES

Background Notes



INDIA

Population: 510 million

Capital: New Delhi

India dominates the South Asian subcontinent geographically. Located about midway between Africa and Australia, India is bounded on the west by West Pakistan and the Arabian Sea; on the east by East Pakistan, Burma, and the Bay of Bengal; and on the north by Tibet, Nepal, and the semi-independent mountain states of Bhutan and Sikkim. The area of India is 1.3 million square miles (about one-third the size of the continental United States including Alaska).

There are three major topographical areas in India: (1) the sparsely populated Himalaya Mountains which extend along the whole of the northern border; (2) the Gangetic Plain, a well-watered, fertile, and very heavily populated area; and (3) the peninsula, including the Deccan Plateau, which is generally of moderate elevation and less densely populated.

India's climate varies from tropical in the south to temperate in the north, with three well-defined seasons throughout most of the area: (1) the "cool season" from November to March, (2) a dry "hot season" from March to June, and (3) a hot "rainy season" during the remaining months of the year. In addition, much of southern India is subject to a second rainy period during the cool season. The volume of precipitation ranges from more than 400 inches in the northeast (Assam Hills) to less than 5 inches in the northwest (Rajasthan Desert).

The national flag, adopted by India in 1947 upon attaining independence from Great Britain, is comprised of three horizontal bands of saffron, white, and green, with a blue spoked wheel in the center of the middle white stripe. The saffron symbolizes courage and sacrifice; the white, peace and truth; the green, faith and chivalry. The spoked wheel symbolizes India's ancient culture.

THE PEOPLE

India's population of about 510 million is larger than that of any other country except Communist China. Two major ethnic strains predominate, the Aryan in the north and Dravidian in the south, although the lines between these groups are blurred. There is also a substantial aboriginal population, largely in the central Indian forests and mountains, and some Mongoloid peoples in the northern mountain regions.

Eighty-four percent of the people are Hindu. India is also the home of about 56 million Muslims, the third largest Muslim group in any one country. Representatives of other religions include Christians (12 million), Sikhs (9 million), Jains (2 million), Buddhists (4 million), and Parsis (about 100,000).

HISTORY

The birth of independent India on August 15, 1947, marked the culmination of a generation of struggle against British colonial rule. The great leader in this effort was Mahatma Gandhi, who advocated a policy of nonviolent resistance and noncooperation. Gandhi also urged social reforms, such as the abolition of "untouchability." The Indian National Congress—now known as the Congress Party—organized public support for the independence movement and acted as a Western-type political party in contesting elections for local and national office.

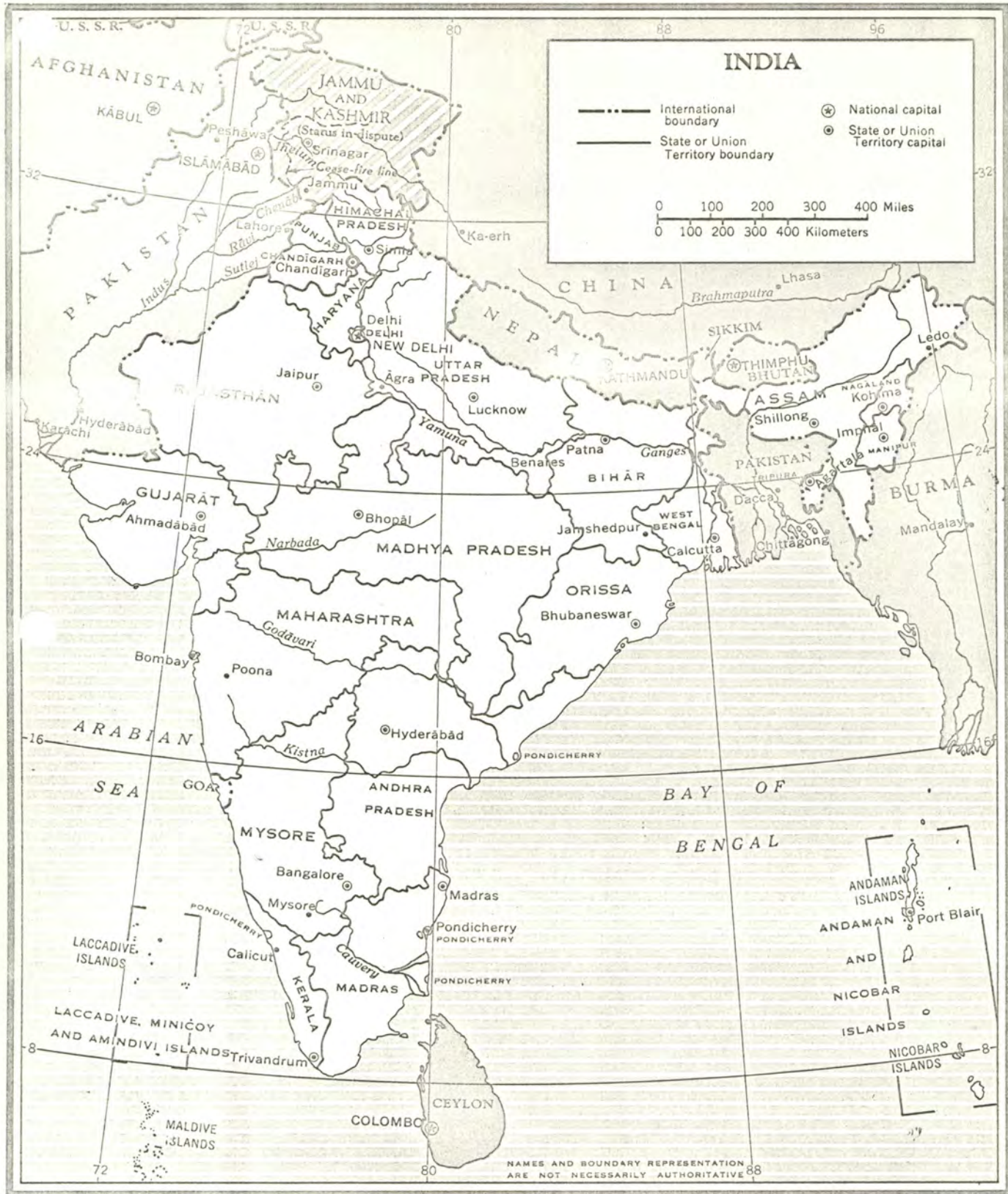
At the time of independence, longstanding frictions between Hindus and Muslims caused the British to create two countries out of British India—India and Pakistan. Pakistan's two provinces are located far apart, one in the arid western portion of the subcontinent, the other more than 1,100 miles away in the monsoon-drenched east—the two areas of the subcontinent in which Muslims form a majority of the population.

GOVERNMENT

India, as its Constitution states, is a "sovereign democratic republic." The success of India's democracy has been remarkable, given the tremendous problems the country has faced. These include the size of the electorate (now more than 250 million), the high degree of illiteracy, the lack of deep democratic traditions, and the physical problems of organizing elections in a country of India's size.

Like the United States, India has a federal system of government. However, the central Government in India has greater powers vis-à-vis the States. Like Great Britain, India has a bicameral Parliament, and its Cabinet is patterned on the British model. The chief of state is the President, who is elected indirectly by an electoral college, and in whose name the Government exercises broad administrative powers.

At the State level the legislatures are largely bicameral, on the pattern of the two houses of



the national Parliament. The assemblies are elected directly by the people, and the upper houses, where they exist, are selected mainly by the assemblies. The State Chief Ministers are responsible to the legislatures in the same way the Prime Minister is responsible to Parliament. Each State also has a Governor appointed by the President and vested with certain broad powers during any period of breakdown of parliamentary government.

Local governments in India have somewhat less autonomy than their counterparts in the United States. India has begun a program known as Panchayati Raj, which seeks to revitalize the traditional village councils and to introduce "grass-roots democracy" at the village level, where nearly 80 percent of the population live.

POLITICAL CONDITIONS

India's young parliamentary democracy passed a crucial test following the death of Prime Minister Nehru in late May 1964. Until his death Mr. Nehru had been India's preeminent political leader and only Prime Minister. Because of the unique position he occupied in Indian public life and because of his great personal contribution to the growth of Indian democracy, there had been some concern within India itself over the impact which the loss of Mr. Nehru's leadership might have on the country's political life. However, within a few days of Mr. Nehru's death, a new Prime Minister, Lal Bahadur Shastri, was elected unanimously by the ruling Congress Party, and the transfer of power was accomplished in an orderly and constitutional manner.

Post-Nehru Conditions

Mr. Shastri led the Government for 19 months until his untimely death at Tashkent in Soviet Asia in January 1966. He had just signed an agreement with President Ayub Khan of Pakistan designed to establish a more durable peace in the subcontinent in the aftermath of the Indo-Pakistan conflict over Kashmir. Once again India's political leadership effected a smooth transition, electing Mrs. Indira Gandhi, the widowed daughter of Prime Minister Nehru, to succeed Mr. Shastri. Mrs. Gandhi subsequently was reelected to the Prime Ministership following the fourth general election in 1967.

These elections ushered in a new phase in Indian political development. The Congress Party, for 50 years the supreme forum for meaningful politics in India, no longer holds the monopoly of power it had enjoyed throughout the postindependence period. It has lost its preponderant position in Parliament, where its victories in the first three general elections had consistently given it control of about three-fourths of the seats in the key lower house;

and it has suffered even more severe setbacks in the voting for State legislatures, a number of which are now controlled by non-Congress governments.

Most of these non-Congress governments are coalitions of various small political parties, often disparate in policy and ideology. Several of them have proven unstable, and by the end of 1967 three had lost their legislative majorities and were dismissed. Nevertheless, it remains clear that the era when the Indian political structure was characterized as a "one plus" party system is over, and that the country is moving into a new phase of development which will pose both challenges and opportunities to its institutions.

Political Regionalism

There are strong divisive forces in India. Among the most important are caste, religion, and language:

Caste. The caste system, which relegates the various "classes" of Indians and their progeny to a fixed place in the social order, regulates many phases of Hindu society, especially in rural areas. However, extreme forms of observance of caste are breaking down under the impact of urbanization, industrialization, modern communications, and wider opportunities for education.

Religion and Communalism. In India the word "community" refers to a social grouping, usually with a religious affiliation. There are various communities among the Hindus; Hindus as a whole also may be considered a community; Muslims, Christians, Sikhs, Jains, and Parsis have internal subcommunities and are considered as communities in relation to each other. In the past, differences between different communities frequently led to violence. While communal tensions have largely been kept under control since 1948, they have not been eradicated, as serious incidents of Hindu-Muslim strife in early 1964 and mid-1967 indicate.

Language. Regional linguistic nationalism is another divisive force. India has 14 official languages; a dozen of these are spoken by more than 10 million people. Issues about local language have assumed great importance on the Indian political scene and have often led to violence. As a result of political agitations, the boundaries of India's States were redrawn in 1956 so that they coincided with the borders of linguistic regions. Since there are important differences between the languages spoken in the north and those spoken in the south, regional differences between the two sections sometimes become focused on the question of India's national language.

ECONOMY

Since 1947 India has made considerable economic progress. The introduction of modern methods combining more extensive irrigation facilities with greater inputs of fertilizer, improved seed, pesticides, and insecticides have benefited agriculture, still the mainstay of 70 percent of the population. The pace of industrialization has also quickened. The economic situation has been clouded, however, by the new burdens resulting from India's military buildup in response to its conflicts with Communist China in 1962 and Pakistan in 1965. It has been adversely affected also by unprecedented droughts which beset the northern part of the country in 1965 and 1966. Furthermore, while percentage increases in both agriculture and industry have been impressive, only modest gains in per capita GNP have been achieved because of continued high population growth.

Before 1947 India had large cotton, jute, and textile industries. Since 1947, however, these have continued to decline. New basic industries (steel, machine tools, chemicals, fertilizers, etc.) have come into prominence during the past decade. In addition, India now is manufacturing a wide range of finished products, including aircraft, railway equipment, automobiles, telephones, and typewriters. India's mineral resources are extensive but have yet to be fully exploited.

India's 5-year plans, initiated in 1951, seek continued balanced development of power facilities, industry, mining, transportation and communications, and agriculture. In recent years, however, the greatest emphasis has been placed on agriculture. Much of the capital required for the 5-year plans has been raised internally, but a large proportion of the foreign currency components has come from foreign grants or loans.

The United States contributed about \$8 billion in aid funds through June 1967, more than half of which was in the form of surplus foodstuffs and other agricultural commodities. The United States has encouraged the development of the private sector of the economy by financing commodity imports, direct loans to enterprises, and development banks which in turn lend capital to the private sector. There also has been assistance from private U.S. institutions, notably the Ford and Rockefeller Foundations.

Additional foreign assistance in this period included more than \$5 billion from other free-world countries—principally the United Kingdom, Canada, West Germany, Japan, and France—as well as from the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and various specialized agencies of the United Nations. Soviet bloc commitments through December 1966 totaled almost \$2 billion, principally in loans for public sector projects.

In 1958 an aid-India consortium was formed by the United States, the United Kingdom, Canada, Japan, West Germany, and the IBRD. Ten countries now are associated with the consortium, together with the IBRD and IDA. During the third 5-year plan (1961-66), consortium pledges totaled more than \$5.4 billion, of which the United States has pledged \$2.2 billion.

Population

With only 2.4 percent of the world's land area, India supports 14 percent of the world's population. Fifty-five thousand babies are born every day.

Each year there are approximately 21 million births and 8 million deaths. Consequently 13 million people per year are added to the current Indian population of approximately 510 million. In stark terms the problem is how to prevent 13 million births annually.

The immediate target of Indian family-planning is to reduce the birth rate from the present level of 41 per thousand population to 25 per thousand by 1975. This would cut the growth rate in half. The long-range goal is to stabilize India's total population at around 670 million by 1985.

To achieve these objectives, something like half of the 100 million couples in the reproduction age group must be persuaded effectively to practice family planning by 1975 and 75 percent by 1985.

The Indian Government—Union and State—is striving to reach its objective of a stabilized population by offering a wide variety of techniques from which to choose. These include sterilization, by far the most effective method, and the intrauterine contraceptive device, commonly known as the "loop." Consideration is being given to legalizing abortion in those cases where birth could endanger the mother's health, and to raising the minimum legal age for marriage. The Central and State Government and private industry have also begun to offer a variety of incentives to induce married couples to adopt one or another family-planning technique.

The United States Government is assisting India in developing its family-planning programs.

Agriculture

India's greatest economic problem—and the hardest to solve—is the backwardness of its agriculture. India's productivity rate is among the lowest in the world because of ancient farming practices, poor seed, and a highly seasonal distribution of rainfall. The increase in food production during the first two 5-year-plan periods (1951-61) kept slightly ahead of population growth, but from 1961 to 1966 food output failed to keep pace with the increase in population, in part because of severe droughts.

The agricultural sector is now being given higher priority in an effort to make India self-sufficient in food grains.

The bold program designed to increase Indian farm production includes several important elements:

Education—For several years India's 24 agricultural colleges and a number of specialized institutes sponsored by the Indian Council of Agricultural Research have been conducting extensive programs of research and experimentation. These programs are based less and less on theory and more and more on the practical realities faced by cultivators. In the last 10 years, 30,000 young Indians have graduated from Indian agricultural schools, including eight new agricultural universities set up with U.S. assistance.

Fertilizer—A massive expansion of the Indian fertilizer industry has been undertaken. The program provides generous incentives for new plant construction; removal of geographic constraints on fertilizer marketing and the abolition of the Government's near-monopoly control over fertilizer distribution; the setting of fertilizer prices by market demand; easing licensing procedures; and abolition of the requirement of Government participation in the ownership of private fertilizer plants.

These steps should make possible a continued fast growth in fertilizer production. In the present fiscal year (July-June) India expects to produce about 500,000 tons of nitrogen, which is an 80 percent increase over last year. By 1970-71 plants now actually under construction are expected to raise India's nitrogen production capacity by another 1 million tons to a total of 1.5 million tons.

Seeds—In the early 1960's Indian scientists, in cooperation with other governments and private foundations, launched a massive down-to-earth effort to develop and introduce seed varieties suitable to Indian conditions. As a result, India now has improved seeds for the five major foodgrains produced in the country—wheat, rice, corn, milo, and millets. An important feature of most of these new varieties is their short growing season. This permits double- and even triple-cropping and consequently is giving a major boost to Indian agriculture.

Irrigation—In British India most of the irrigation was provided by artificial lakes and ponds and by canal systems which drew water from the rivers. In the early years of Indian independence the major emphasis was switched to multi-purpose dams which provided both electric power and irrigation. One of these, the Bhakra Dam in the Punjab completed in 1963, is now producing 600,000 kilowatts of electricity and watering some 5 million acres. More recently the emphasis has been shifting to tube wells which

provide water from depths of up to 300 feet, and dug wells which go down 20 to 40 feet. Most cultivators prefer well irrigation because it can be locally maintained and managed, while canal irrigation, which is controlled by the Government, does not always fit local planting schedules.

Although water supplies are not always reliable, roughly 22 percent of the arable land in India is now classed as irrigated.

FOREIGN RELATIONS

In the two decades and more since it achieved independence, India has played an important role in world affairs. It has been particularly active in the United Nations as a leader of the Afro-Asian group and has made important contributions to U.N. peacekeeping operations in Korea, the Gaza Strip, the Congo, and Cyprus. In addition, India is Chairman of the International Control Commissions established in Laos, Vietnam, and Cambodia in 1954.

Indian leadership in world affairs has been derived not only from the country's size and population, but also from the prestige and influence India attained as a result of its unique and successful independence struggle. Mahatma Gandhi's leadership of the independence movement was maintained and broadened in some respects after Gandhi's death in 1948 by Jawaharlal Nehru. Mr. Nehru is best known as the architect of "nonalignment," a posture in world affairs that has been adopted by a large number of excolonial and Afro-Asian nations. Following Mr. Nehru's death and the increasing involvement of Indian leaders with pressing internal economic and political problems, the Government of India has played a less prominent role in international affairs.

In line with her foreign policy objectives, India sought to maintain its relations with China by a policy of friendship with the Communist regime which took over China in 1949. The failure of this policy was shown ultimately in the border conflict which began in 1959. The Chinese, after failing to achieve their objectives through negotiations, launched a military attack against India in the fall of 1962. After a month's fighting in which the Chinese forces made deep penetrations into Indian territory, the Chinese proclaimed a cease-fire and generally withdrew to positions held prior to the attack.

The events leading up to the attack, and the setback suffered by the Indian Army, have caused some reshaping of Indian policy. India now recognizes that Communist China presents a serious long-term threat, and has strengthened its defenses to meet this challenge. India requested and received U.S. assistance in improving its military capability.

India's relations with Pakistan have been troubled from the beginning by the centuries-old rivalries and disagreements between the

Hindus and Muslims of the subcontinent which led to the partition of British India in 1947. The most sensitive issue is the dispute over Kashmir, a former princely state in northwestern India. This issue had its genesis in the decision of the state's Hindu maharaja to accede to India despite the fact that a majority of his subjects were Muslim. India maintains that the accession and subsequent elections in the state have led to Kashmir's becoming an integral part of the Indian Union. Pakistan asserts that the inhabitants of the area must be allowed the right of self-determination in accordance with an earlier Indian pledge and United Nations resolution. The dispute has triggered open warfare between the two countries, first in 1947-48, and, more recently, in August and September 1965.

The 1965 struggle, unlike the earlier conflict, spread to other areas of India and Pakistan and involved the main forces of both countries. A U.N.-sponsored cease-fire brought the fighting to a halt, and an agreement providing for a withdrawal of forces was worked out under Soviet auspices in Tashkent in January 1966. Implementation of other provisions of the agreement has proceeded very slowly, however, and the two neighbors remain more distant politically than they were before the 1965 conflict.

U. S. POLICY

United States policy toward India has five main objectives:

1. That India should continue to have, as it does now, a strong, independent, non-Communist, and democratic Government;
2. That India should achieve a rate of economic growth sufficient to insure both a rising standard of living for the Indian masses and continuing political stability under democratic institutions;
3. That there should be cultivation of mutual understanding and cooperation between the Governments and peoples of India and the United States;
4. That the United States should, to the extent possible, encourage the solution of the problems that embitter relations between India and Pakistan and weaken the subcontinent against the Communist threat; and
5. That India should be in a position to defend its territorial integrity against further Communist aggression.

In order to help India achieve its objectives of economic growth and stable democratic political institutions, the United States has provided economic assistance on a massive scale. Comprising both grants and loans, the total commitments of the United States under various agreements with the Government of India stand at approximately \$8 billion.

A key objective of the U.S. aid program is to help India become self-sufficient in food and to increase the production of other agricultural

commodities. U.S. assistance spans a wide spectrum of activities in support of agricultural development: the establishment of agricultural universities; the supply of fertilizers and the construction of fertilizer factories; community development; the advanced training of Indian professors and agricultural technicians in the United States; making available the services of American experts; the breeding and popularization of improved strains of cereals and pulses; the Intensive Agricultural District Program; irrigation and drainage; and agricultural research.

To assist India in the period before she achieves agricultural self-sufficiency, the United States has provided large quantities of food-grains under the Public Law 480 program (Food for Peace).

Other areas of the Indian economy in which U.S. assistance has played a prominent role are power development, transportation, and industry.

PRINCIPAL GOVERNMENT OFFICIALS

Prime Minister (also Foreign Minister and Minister for Atomic Energy)—Indira Gandhi
Deputy Prime Minister and Minister of Finance—Morarji R. Desai
Minister of Industrial Development—Fakhruddin Ali Ahmed
Minister of Home Affairs—Y. B. Chavan
Minister of Commerce—Dinesh Singh
Minister of Labor and Rehabilitation—Jaisukh Lal Hathi
Minister of Food and Agriculture—Jagjivan Ram
Minister of Tourism and Civil Aviation—Dr. Karan Singh
Minister of Petroleum and Chemicals—Asoka Mehta
Minister of Law—P. Govinda Menon
Minister of Railways—C. M. Poonacha
Minister of Parliamentary Affairs and Communications—Dr. Ram Subhag Singh
Minister of Transport and Shipping—Dr. V. K. R. V. Rao
Minister of Steel, Mines, and Metals—Dr. M. Chenna Reddy
Minister of Education—Dr. Triguna Sen
Minister of Information and Broadcasting—K. K. Shaha
Minister of Health, Family Planning, and Urban Development Portfolio—Satya Narayan Sinha
Minister of Defense—Swaran Singh

India maintains an Embassy in the United States at 2107 Massachusetts Avenue, N.W., Washington, D.C. 20008. India's Ambassador to the United States is Ali Yavar Jung.

PRINCIPAL U. S. OFFICIALS

Ambassador—Chester Bowles
Deputy Chief of Mission—William H. Weathersby

Director, U.S. AID Mission—John P. Lewis
Counselor of Embassy for Public Affairs—William
D. Miller
Minister-Counselor of Embassy for Political/
Economic Affairs—Herbert Spivack
Counselor of Embassy for Political/Economic
Affairs (Internal)—David Ernst
Counselor of Embassy for Political/Economic
Affairs (External)—Galen Stone
Counselor of Embassy for Commercial Affairs—
Frank Wilson
Counselor of Embassy for Labor Affairs—Morris
Weisz
Counselor of Embassy for Administration—Theo
Hall
Consul General, Bombay—Daniel Braddock
Consul General, Calcutta—William K. Hitchcock
Consul General, Madras—Albert B. Franklin

The United States maintains an Embassy in
New Delhi at Shanti Path, Chanakyapuri 21,
and Consulates General in Bombay at "Lincoln

House," 78 Bhulabhai Desai Road, in Calcutta
at 5/1 Harington Street, and in Madras at 150-B
Monnt Road.

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CABINET

Mr. Morarji Desai
Deputy Prime Minister and Minister of Finance

Sunday, November 17 - 1900 - Private discussion before and during dinner on the 17th

(One-hour working session may be arranged in DPM's New Delhi office the afternoon of Tuesday, November 19, or in Bombay the afternoon of Saturday, November 23.)

Tuesday, November 19 (afternoon working session to be fixed)

Saturday, November 23 (one-hour concluding session will probably be scheduled in Bombay)

Biographical Note

Morarji Desai, 72 years old, entered the Provincial Civil Service of the Government of Bombay at the age of 22, and was Chief Minister of the State from 1952 to 1956. He was Union Minister for Commerce and Industry from 1956 to 1958 and Union Finance Minister from 1958 to 1963. In 1967 Mrs. Gandhi asked him to join her new Cabinet in his present position. Morarji Desai, in his capacity as Finance Minister, is the principal formal channel for all Bank Group dealings with the Government of India. The Indians have always followed faithfully the one-channel principle prescribed by Article III, Section 2 of the Bank's Articles of Agreement. Therefore, all matters concerning Bank Group operations in India should be discussed with him, at least in the first instance.

Items likely to be raised by Mr. Desai

(1) Consortium Aid Prospects for 1968/69 - At the May Consortium \$1 billion in new aid commitments were thought to be necessary during the current Indian fiscal year, which ends March 31, 1969. So far, only about \$250 million (including \$100 million in debt relief) of non-project aid and somewhat less than \$100 million of project aid has been intimated. To this the U.S. may add approximately \$200 million, but this may well depend on decisions to be taken some months from now by the Nixon Administration. We propose to release \$50 million of IDA money soon

after the Canadian action is approved, and the balance of our \$125 million as soon as replenishment permits. Because of recessionary conditions in the Indian economy, import needs appear to be less than estimated last spring, and India may, therefore, be able to squeak through this year, despite the serious shortfall in Consortium aid, without any sharp alteration in the promising economic policies adopted in 1966. The Government has so far maintained the main features of import liberalization despite the uncertainty over aid. (Export earnings have increased this year and may reach \$1.7 billion, just under the previous peak achieved in 1964/65. Imports over the last two years have been of the order of \$2.6 billion, of which foodgrains comprised \$0.9 billion and \$0.7 billion, in 1966/67 and 1967/68 respectively.) You may also wish to refer to the forthcoming discussions by the Executive Directors on program lending now scheduled for December 3 and its effect on possible Bank lending for industrial imports.

(2) Further debt rescheduling - With the first year's exercise under way, India will wish to know what further relief is likely. While the prospects of rescheduling a further \$100 million in each of 1969/70 and 1970/71 appear reasonably good, two points should be made: (i) some creditor countries have indicated that they may have difficulty in doing as much as they did for 1968/69 unless Japan and Italy improve their contributions and (ii) there is considerable concern among Consortium members that India should do more to obtain relief from the Eastern Bloc and also restrict her use of credit on "hard" terms. You may wish to inquire if any action has been taken by India with regard to both these issues.

(3) Status of IDA replenishment - A progress report on the Canadian initiative and other prospects would be of interest to the DPM.

Points you may wish to raise

(1) Procurement - This matter has been the subject of considerable discussion over the last year and is one of the main stumbling blocks to project lending in India. It was raised during your meeting with the DPM on October 4, but no conclusion was reached. The question is of immediate operational importance since two projects are about to be negotiated and others cannot even be appraised unless we reach agreement on procurement procedures with the Government of India.

*What
do we
propose*

The main difficulty arises from the Government's ban on the import of any item which may be manufactured in India. A substantial file of developments on this issue is available in the Reference Materials.

(2) The Role of Project Lending - You may wish to give emphasis to the Bank/IDA interest in financing projects rather than industrial imports, and our plan to use about half of future IDA funds for India for project lending (including railways and telecommunications programs). If funds available for India are to be fully and properly utilized in the next few years, adequate projects will have to be developed more quickly than in the recent past. In this connection, the Bank has already scheduled exploratory missions to "scout" for projects, e.g. in such fields as irrigation, agricultural credit and highways. In the past, project preparation by India has been poor, and often despite numerous requests from the Bank, information needed before sending an appraisal mission has not been produced in a reasonable time.

(3) Resource Mobilization - You may wish to inquire about the DFM's plans and expectations for the mobilization of resources (domestic and foreign) during the Fourth Plan.

(4) Fertilizer Production - You may wish to inquire about the present status and prospects of India's fertilizer industry. The Reference Materials include recent reports by Messrs. Dodd ("An Outline of Capacity Requirement to Meet Fertilizer Needs in India by 1974," dated October 28, 1968) and Bohr ("India - The Fertilizer Situation as of September 1968," dated September 4, 1968).

(4) Karnali River Project - During the Annual Meetings the delegation from Nepal mentioned this large hydroelectric project. You indicated that, when you visited India in November, you would ask the Government of India informally about their attitude toward the Karnali proposal. The DFM visited Nepal some months ago and, according to press reports, discussed the Karnali project with authorities in Kathmandu. The Bank has not been informed officially of the outcome of these talks, which seem to have been inconclusive. You may wish to ask if the GOI proposes to cooperate with Nepal in the implementation of the Karnali project, and if so, whether the DFM sees a role for the World Bank Group in this connection. (India is already a major source of aid to Nepal and has given both financial and engineering assistance in the implementation of several smaller schemes. Generally, the Nepalese resent Indian Colonialism and would like non-Indian technicians to assist them with Karnali.) Further information on the Karnali project is provided in the Black Book.

Mrs. Indira Gandhi
Prime Minister

Monday, November 18, 2030 hours - Dinner
(her birthday is the day following your dinner)

Biographical Note

Mrs. Gandhi, who was born on November 19, 1917, was educated at various Indian Universities, in Switzerland and at Oxford. She has been interested and active in politics all her life: she took an active part in the India League headed by V. K. Krishna Menon, played an important role in the 1937 elections and was imprisoned for 13 months during the 1942 "Quit India" movement; she has been active in elections and village mass contact work with a particular interest in the rights of women; under Mahatma Gandhi's direction she worked in the riot affected areas of Delhi in 1947. After Independence in 1947, she became her father's hostess and later his closest political aide, and occupied this unique position for 17 years. In 1964, after the death of Nehru, she became Minister for Information and Broadcasting (until January 1966). She was elected to the Rajya Sabha in 1964 and to the Lok Sabha in 1967. Mrs. Gandhi has been Prime Minister since Shastri's death at Tashkent in January 1966. Morarji Desai was her main rival for the succession, and it is generally thought that, while they work closely together, there is no great personal warmth or trust between them; this aggravates our situation in so far as the Finance Minister is responsible for India's relations with the Bank and also because he generally leans more towards the West than the Prime Minister.

Items likely to be raised by Mrs. Gandhi

(It is entirely possible that Mrs. Gandhi will leave all the substantive discussions to the Deputy Prime Minister. However, the following points might come up or be raised by you.)

(1) Eastern Waters - This subject was discussed when certain members of India's delegation to the Consortium met with you last May. At that time you asked that your concern over this matter be

transmitted to Mrs. Gandhi. Though discussions on this topic, and particularly on the Farakka Barrage, took place last May-June between officials of India and Pakistan, no progress has been achieved. Pakistan's proposal that the assistance of an international organization, such as the Bank, should be obtained was not acceptable to India, as India considered that Pakistan's interests would not be affected by the construction of Farakka. In October 1967 Mr. Woods urged Mr. Uquaili that President Ayub should approach Mrs. Gandhi for the purpose of getting substantive discussions started. No approach has yet been made, so far as we know.

(2) The climate for aid - Mrs. Gandhi would be interested in the prospects for aid, especially since the Government must finalize a Five-Year Plan during the next few months. She may not realize how very hostile the U.S. Congress has become toward the foreign aid program and particularly toward aid to India. In the Spring of 1966, when the Managing Director of the International Monetary Fund (with the concurrence of Mr. Woods) advised her to devalue Mrs. Gandhi was told that the prospects for aid were not good unless major and recognizable changes, of which devaluation became a sort of symbol, were adopted in the field of economic policy. Many improvements in policy were adopted in 1965 and 1966, and these were generally acclaimed by Consortium members, including the Bank. Nevertheless the climate for aid has continued to

deteriorate over the last two years. A constructive public relations program by the Indian Government might help improve aid prospects; however, in the immediate future, realistic planning in India can only be based on a gloomy outlook for the next year or two and considerable uncertainty regarding the more distant future.

(3) The Pearson Commission - Mrs. Gandhi may be interested in hearing how the Pearson Commission has been organized and what results you expect from it.

(4) Family Planning - Mrs. Gandhi may ask what the Bank Group plans to do in the family planning field and will undoubtedly welcome your questions on India's own program.

Mr. Fakhruddin Ali Ahmed
Minister of Industrial Development and
Company Affairs

Biographical Note

Mr. Ahmed, a Moslem, was born in 1905 in Assam. A wealthy lawyer, he held various posts in Assam before he became Union Minister for Irrigation and Power in 1966 and Minister for Industrial Development and Company Affairs in March 1967. An older man without further national political ambition, Mr. Ahmed is very close to Indira Gandhi, who has come to rely on him in many fields; he has had various trouble-shooting assignments, particularly in foreign policy conflicts, such as Kashmir. Of the various ministers dealing with industrial matters, (e.g. (i) Petroleum and Chemicals and (ii) Steel, Mines and Metals). Mr. Ahmed is considered the senior one and theoretically resolves any conflicts arising among the others.

Items likely to be raised by Mr. F.A. Ahmed

(1) Procurement Policies - Mr. Ahmed is likely to raise with you the general question of industrial development in India, and the prejudicial effects the Bank Group's procurement policies may have on it. However, GOI may prefer to have you discuss the procurement issues with the DPM rather than with Mr. Ahmed. If the procurement issue is raised, you may wish to remind Ahmed of the strong support the Bank Group has given to industry in India (e.g. Bank loans to TISCO and IISCO, the industrial imports credits, seven loans to ICICI, various IFC investments and assistance to railway and telecommunications factories through "project" loans in these sectors). You may wish to assure him that the Bank Group understands the need for some degree of protection (at least temporarily), for infant industries in their competition with

established exporters from more industrialized nations. This conversation would also offer a good opportunity to repeat the Bank Group's view that the almost complete protection presently given to Indian industry is - apart from the interests of capital exporting member countries - against India's own interests, and that the Government would be well advised to measure the cost of its protectionist policies.

(2) Fertilizer production - Since the resignation of Mr. Asoka Mehta (former Minister for Petroleum and Chemicals), Mr. Ahmed is the Minister to talk to about India's program for expanding domestic fertilizer manufacturing capacity. He will know that the Bank Group is dissatisfied with progress in recent years, that we have urged a more forthcoming attitude toward private foreign investment and more flexibility on matters such as the import of ammonia and that we are concerned with weaknesses of management in public sector factories. In the interview he will probably wish to give his side of these "controversies."

Mr. Y. B. Chavan
Minister of Home Affairs

Monday, November 18
Tuesday, November 19

(Time to be fixed)

Biographical Note

Mr. Chavan, born in 1913 in Satara District, had a long political career in Maharashtra and was Chief Minister of the old Bombay State (which included most of what is now Gujerat) from 1956 to 1962. He became Minister for Defense in the Union Government after the 1962 invasion by China, and he has been Minister of Home Affairs since November 1966. He has often been mentioned as a possible Prime Minister of India, both before the selection of Indira Gandhi and in speculation about who might succeed her.

Items likely to be discussed

No particular points are proposed for this discussion, which should provide an opportunity for Mr. Chavan to give you his views on the political situation, foreign relations and long-term prospects for India.

Mr. B. Sivaraman
Secretary Department of Agriculture,
Ministry of Food and Agriculture

Monday, November 18 - 0830 - Briefing on Agriculture (probably at Pusa Institute)
Tuesday, November 19 - 0800 - Mr. Sivaraman may travel with you to Pantnagar
Wednesday, November 20 - 0850 - Mr. Sivaraman will almost certainly travel with
the party to Purnea District

Biographical Note

Mr. Sivaraman, although a South Indian, was assigned to the Bihar cadre (as was Jagannathan) when he started his career in the Indian Civil Service. For a time he served as Collector in the Purnea District; later he became Chief Secretary in Orissa. At present he is Secretary of the Departments of Agriculture (dealing mainly with food production), Community Development, and Cooperation, while the remaining Department of Food (dealing with food procurement and distribution) is headed by Mr. A.L. Dias (who was Chairman of the Bombay Port Trust when in 1962 the IDA credit for the Bombay Port Project was negotiated). At the end of 1965, Mr. Sivaraman was the key figure in persuading Prime Minister L.B. Shastri (through Subramaniam, who was then Minister of Food and Agriculture) to adopt "the new agricultural strategy". The new policy emphasized fertilizers and high-yielding varieties of seed; it also aimed at breaking the monopoly which the cooperatives had held until then in the field of agricultural credit. Mr. Sivaraman has headed numerous government committees, including the Committee on Fertilizers which issued a pioneering report in 1965.

In 1965/66 Mr. Sivaraman had hoped that Bank Group financing would be available for some fertilizer imports. He was very disappointed when Mr. Woods declined direct financing of fertilizer imports until substantial progress had been made in bringing new fertilizer manufacturing projects under construction. He has never fully appreciated how much financing IDA has provided for materials needed in fertilizer production, such as sulphur and rock phosphate, through the industrial imports credits (more than \$40 million out of \$215 million in the last two credits).

Mr. Sivaraman was also disappointed when we decided about a year ago, after three years of infructuous preparatory talks, to discontinue discussions on the proposed financing of tubewells in two districts in Uttar Pradesh.

Mr. Sivaraman is one of the most able men in the Indian civil service. He is shy and a little hard to get started, but has the courage of his convictions, plenty of imagination and a rare willingness to experiment. It is rumored that he will shortly leave Food and Agriculture to become Cabinet Secretary, which is in effect chief secretary for the Union Government.

TOPICS FOR DISCUSSION

No specific topics are proposed. We expect your conversations with Mr. Sivaraman to cover the whole range of agricultural policy and rural development.

Dr. D. R. Gadgil
Chairman, Planning Commission

Monday, November 18
Tuesday, November 19

(Time to be fixed)

Biographical Note

Dr. Gadgil, born in 1901, received his education in economics in India and at Cambridge. He is the first full-time Deputy Chairman of the Planning Commission (the Prime Minister is Chairman ex-officio), who is a technical man rather than a political leader. He has had a long, distinguished career in teaching as well as in various associations and committees. He is also chairman of numerous cooperative associations.

Items likely to be discussed

Dr. Gadgil and other members of the Planning Commission will outline their views of prospects for economic development over the next 5-10 ✓
years. Of particular interest will be their plans for mobilization of ✓
investment resources both domestic and foreign. Dr. Gadgil himself is particularly interested in the agricultural sector and would certainly welcome questions regarding food production, family planning and education. ✓✓✓
It would be interesting to hear how serious a view the Planning Commission members take of India's urbanization problems. ✓

Mr. Jagjivan Ram
Minister of Food and Agriculture

Monday, November 18
Tuesday, November 19

(Time to be fixed)

Biographical Note

Mr. Jagjivan Ram, born in Bihar in 1908, has been a member of the Indian Cabinet since Independence. The portfolios he has held include Labor (1946-52); Transport, Railways and Communications (1952-63); Labor and Employment (1966-67). Since March 1967, he has been Minister of Food, Agriculture and Community Development. Mr. Ram studied science at various Indian universities. Early in his life he became interested in the "depressed classes" and is now recognized as national leader of the "Scheduled Castes" or Untouchables. He has had more ministerial experience than any other member of the present Indian Cabinet and is considered very influential politically although not a contender for Prime Minister.

Items likely to be discussed

No particular points are proposed for discussion with Mr. Ram. The meeting would give him an opportunity to explain informally his view of the prospects for agricultural development in India. He is generally quite good in a "give and take" discussion and will welcome your questions on this sector.

Mr. Govind Narain
Secretary, Family Planning Department in
the Ministry of Health and Family Planning

Monday, November 18
Tuesday, November 19

(Time to be fixed)

Biographical Note

Govind Narain was born in 1917 and received his education at various Indian universities and at Balliol College, Oxford. He was Home Secretary of the Uttar Pradesh Government at the age of 30 and served in various posts in U.P. until 1961. He was Managing Director of the State Trading Corporation of India (1961-1963) and Chairman of the Minerals and Metals Trading Corporation (1963-1966) before being put in charge of the family planning program.

Govind Narain is one of the most able civil servants in India. His appointment to the position of Secretary, Family Planning in 1966 reflected the importance which the Government of India gives to family planning; unfortunately, it is now rumored that, having served a three-year term, he will shortly move to the Ministry of Defence, where he will be in charge of defence production.

MEMBERS OF THE CABINET

Shrimati Indira Gandhi	Prime Minister, Minister of Atomic Energy, Minister of Planning and Minister of External Affairs
Shri Morarji R. Desai,	Deputy Prime Minister and Minister of Finance
Shri Yashvantrao B. Chavan	Minister of Home Affairs
Shri J.S.L. Hathi	Minister of Labour and Rehabilitation
Shri Jagjivan Ram	Minister of Food and Agriculture
Vacant	Minister of Petroleum & Chemicals and Social Welfare
Shri P. G. Menon	Minister of Law
Shri C. M. Poonacha	Minister of Railways
Professor V.K.R.V. Rao	Minister of Transport and Shipping
Vacant	Minister of Steel, Mines and Metals
Dr. Triguna Sen	Minister of Education
Shri K. K. Shah	Minister of Information and Broadcasting
Shri Dinesh Singh	Minister of Commerce
Dr. Karan Singh	Minister of Tourism and Civil Aviation
Dr. Ram Subhag Singh	Minister of Parliamentary Affairs and Communications
Sardar Swaran Singh	Minister of Defence
Shri Satya N. Sinha	Minister of Health, Family Planning and Urban Development

South Asia Department
November 5, 1968

FACTS ON MEMBERSHIP

INDIA

FACTS ON MEMBERSHIP, IBRD, IFC, IDA

IBRD

Total capital subscription \$800 million
9 percent portion \$ 72 million

The 9 percent portion was released and utilized as follows
(\$ million):

	<u>on convertible basis</u>	<u>for purchases in India</u>
Released	21.6	50.4
Utilized as at Sept. 30, 1968	13.7	16.4

IDA

Total capital subscription \$40.3 million
90 percent portion \$36.3 million

India has agreed to the use of the 90 percent portion to the extent needed to finance 50 percent of IDA-financed procurement in India. Total utilization as at September 30, 1968: \$1.1 million.

IFC

Total capital subscription \$ 4.4 million

Indian Holdings of Bank Bonds

India holds \$6 million Bank bonds. They all are of the two year maturities; \$2 million mature in 1969; \$4 million in 1970.

STATEMENT LOANS, CREDITS

IBRD LOANS AND IDA CREDITS IN INDIA CLASSIFIED
BY PURPOSE
AS OF SEPTEMBER 30, 1968
(Millions of U. S. Dollars, Initial Commitments
Net of Cancellations and Refundings)

	I B R D		I D A		I B R D/I D A	
	Amount (\$ Million)	Number of Loans	Amount (\$ Million)	Number of Credits	Amount (\$ Million)	Percent of Total
<u>Grand Total</u>	<u>1,007.21</u>	<u>36</u>	<u>886.87</u>	<u>21</u>	<u>1,894.08</u>	<u>100</u>
<u>Electric power</u>	<u>156.87</u>	<u>8</u>	<u>67.00</u>	<u>4</u>	<u>223.87</u>	<u>12</u>
<u>Transportation</u>	<u>441.71</u>	<u>13</u>	<u>273.19</u>	<u>5</u>	<u>714.90</u>	<u>37</u>
Railroads	377.81	9	197.50	3	575.31	30
Roads	-		59.47	1	59.47	3
Shipping	-		-		-	
Ports & waterways	58.30	3	16.22	1	74.52	4
Airlines & airports	5.60	1	-		5.60	-
Pipelines	-		-		-	
<u>Telecommunications</u>	-		<u>74.79</u>	<u>2</u>	<u>74.79</u>	<u>4</u>
<u>Agriculture, forestry and fishing</u>	<u>13.75</u>	<u>2</u>	<u>66.89</u>	<u>6</u>	<u>80.64</u>	<u>5</u>
Farm mechanization	-		-		-	
Irrigation, flood control	6.55	1	66.89	6	73.44	4
Land clearance, farm improvement, etc.	7.20	1	-		7.20	1
Crop processing, storage	-		-		-	
Livestock improvement	-		-		-	
Forestry and fishing	-		-		-	
<u>Industry</u>	<u>394.87</u>	<u>14</u>	<u>405.00</u>	<u>4</u>	<u>799.87</u>	<u>42</u>
Iron and steel	186.65	5	-	-	186.65	10
Paper and pulp	-		-		-	
Fertilizer, other chemicals	-		-		-	
General industries	-		405.00	4	405.00	21
Mining	48.29	2	-		48.29	3
Development finance companies	159.93	7	-		159.93	8

Note: Multipurpose loans are distributed according to each purpose. Details may not add to totals because of rounding.

As Department, October 1968

INTERNATIONAL DEVELOPMENT ASSOCIATION

Statement of Development Credits —

SEPTEMBER 30, 1968

B-2

PAGE 2 OF 6

EXPRESSED IN UNITED STATES CURRENCY

Member in whose territories Development Credits have been made a program or project	Development Credit number	Semi- annual payment dates	Date of Development Credit agreement	Maturities	Service charge rate	Original principal amount	Cancellation and refunding	Effective Development Credits held by Association	Principal amount disbursed	Undisbursed balance of effective Development Credits (2)	Developmen Credit number
						\$	\$	\$	\$	\$	
INDIA IN											
HIGHWAY CONSTRUCTION AND IMPROVEMENT	3	F/A 15	JUNE 21, 1961	1971-2011	3/4%	60,000,000.00	530,000.00	59,470,000.00	59,470,000.00		3
TUBEWELL IRRIGATION	8	M/N 1	SEPT. 6, 1961	1971-2011	3/4%	6,000,000.00		6,000,000.00	6,000,000.00		8
SHETRUNJI IRRIGATION PROJECT	13	A/O 15	NOV. 22, 1961	1972-2011	3/4%	4,500,000.00	1,114,258.29	3,385,741.71	3,385,741.71		13
SALANDI IRRIGATION PROJECT	14	A/O 15	NOV. 22, 1961	1972-2011	3/4%	8,000,000.00	496,000.00	7,504,000.00	5,591,242.04	1,912,757.96	14
PUNJAB FLOOD PROTECTION AND DRAINAGE	15	M/N 15	NOV. 22, 1961	1972-2011	3/4%	10,000,000.00		10,000,000.00	10,000,000.00		15
DURGAPUR POWER EXTENSION	19	F/A 1	FEB. 14, 1962	1972-2012	3/4%	18,500,000.00		18,500,000.00	15,638,881.10	2,861,118.90	19
SONE IRRIGATION PROJECT	21	J/J 1	JUNE 29, 1962	1973-2012	3/4%	15,000,000.00		15,000,000.00	15,000,000.00		21
PURNA IRRIGATION PROJECT	23	J/J 1	JULY 18, 1962	1973-2012	3/4%	13,000,000.00		13,000,000.00	13,000,000.00		23
SECOND KOYNA POWER PROJECT	24	J/J 15	AUG. 8, 1962	1973-2012	3/4%	17,500,000.00		17,500,000.00	12,893,642.27	4,606,357.73	24
BOMBAY PORT PROJECT	27	J/J 15	SEPT. 14, 1962	1973-2012	3/4%	18,000,000.00	1,776,947.61	16,223,052.39	11,994,791.62	4,228,260.77	27
TELECOMMUNICATIONS	28	M/S 1	SEPT. 14, 1962	1973-2012	3/4%	42,000,000.00	211,661.56	41,788,338.44	41,788,338.44		28
RAILWAY IMPROVEMENT	36	M/N 1	MAR. 22, 1963	1973-2012	3/4%	67,500,000.00		67,500,000.00	67,500,000.00		36
KOTHAGUDEM POWER PROJECT	37	J/D 1	MAY 24, 1963	1973-2013	3/4%	20,000,000.00		20,000,000.00	18,883,847.53	1,116,152.47	37
INDUSTRIAL IMPORTS PROJECT	52	M/N 15	JUNE 9, 1964	1974-2014	3/4%	90,000,000.00		90,000,000.00	90,000,000.00		52
SECOND TELECOMMUNICATIONS PROJECT	58	J/J 15	JULY 6, 1964	1975-2014	3/4%	33,000,000.00		33,000,000.00	33,000,000.00		58
RAILWAY IMPROVEMENT	67	M/S 15	OCT. 26, 1964	1974-2014	3/4%	62,000,000.00		62,000,000.00	62,000,000.00		67
SECOND INDUSTRIAL IMPORTS PROJECT	78	J/J 1	AUG. 11, 1965	1976-2015	3/4%	100,000,000.00		100,000,000.00	100,000,000.00		78
NINTH RAILWAY PROJECT	88	F/A 15	JUNE 29, 1966	1976-2016	3/4%	68,000,000.00		68,000,000.00	68,000,000.00		88
BEAS EQUIPMENT PROJECT	89	F/A 1	JUNE 29, 1966	1977-2016	3/4%	23,000,000.00		23,000,000.00	8,949,112.28	14,050,887.72	89
THIRD INDUSTRIAL IMPORTS PROJECT	92	J/J 15	AUG. 19, 1966	1977-2016	3/4%	150,000,000.00		150,000,000.00	150,000,000.00		92
FOURTH INDUSTRIAL IMPORTS PROJECT	97	A/O 15	DEC. 23, 1966	1977-2017	3/4%	65,000,000.00		65,000,000.00	65,000,000.00		97
TOTAL						891,000,000.00	4,128,867.46	886,871,132.54	858,095,596.99	28,775,535.55	IN

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STATEMENT OF LOANS — SEPTEMBER 30, 1968

EXPRESSED IN UNITED STATES CURRENCY

Guarantor purpose and borrower ¹	Loan number	Semi-annual payment dates	Date of loan agreement	Maturities	Interest rate (including commission)	Original principal amount	Cancellations, terminations and refundings	Principal repayments to Bank	Effective loans sold or agreed to be sold ^a		Effective loans held by Bank	Principal amount disbursed	Undisbursed balance of effective loans ^a	Loan No.
									Total sales	Portion matured ^a				
INDIA BINA														
RAILWAYS	17	F/A 15	AUG. 18, 1949	1950-64	4%	34,000,000.00	1,200,000.00	15,056,370.48	17,743,629.52	17,743,629.52		32,800,000.00		17
AGRICULTURE	19	J/D 1	SEPT. 29, 1949	1952-56	3 1/2%	10,000,000.00	2,796,186.73	2,263,000.00	4,940,813.27	4,940,813.27		7,203,813.27		19
POWER	23	A/O 15	APR. 18, 1950	1955-70	4%	18,500,000.00	1,779,500.00	8,089,000.00	5,869,000.00	5,869,000.00	2,762,500.00	16,720,500.00		23
MULTI-PURPOSE PROJECT	72	J/J 15	JAN. 23, 1953	1956-79	4 7/8%	19,500,000.00	9,000,000.00	3,195,000.00	845,000.00	845,000.00	6,460,000.00	10,500,000.00		72
RAILWAYS	167	J/J 1	JULY 12, 1957	1961-79	5 5/8%	24,000,000.00		10,618,000.00			13,382,000.00	24,000,000.00		167
RAILWAYS	168	J/J 1	JULY 12, 1957	1961-79	5 5/8%	19,110,000.00		8,458,800.00			10,651,200.00	19,110,000.00		168
RAILWAYS	169	J/J 1	JULY 12, 1957	1961-79	5 5/8%	11,200,000.00		4,956,000.00			6,244,000.00	11,200,000.00		169
RAILWAYS	170	J/J 1	JULY 12, 1957	1961-79	5 5/8%	35,700,000.00		9,750,000.00	6,162,000.00	6,037,000.00	19,780,000.00	35,700,000.00		170
POWER	203	F/A 1	JULY 23, 1958	1961-79	5 3/8%	25,000,000.00	3,000,000.00	3,509,328.70	1,902,671.30	1,902,671.30	16,588,000.00	22,000,000.00		203
RAILWAYS	207	J/J 15	SEPT. 16, 1958	1963-79	5 3/4%	85,000,000.00		3,044,913.48	17,816,578.06	16,516,502.67	64,138,508.46	85,000,000.00		207
POWER	223	M/N 1	APR. 8, 1959	1965-84	5 3/4%	25,000,000.00	6,300,000.00	1,154,000.00	1,301,000.00	570,000.00	16,245,000.00	18,700,000.00		223
RAILWAYS	233	J/J 15	JULY 15, 1959	1963-79	6%	50,000,000.00		6,249,271.83	3,962,000.00	3,962,000.00	39,788,728.17	50,000,000.00		233
RAILWAYS	262	J/J 15	JULY 29, 1960	1964-80	5 3/4%	70,000,000.00		4,499,700.00	9,654,799.24	9,054,899.48	55,845,500.76	70,000,000.00		262
COAL MINING	292	M/N 15	AUG. 9, 1961	1966-77	5 3/4%	35,000,000.00	6,211,812.54	3,189,000.00	2,090,000.00	1,125,000.00	23,513,187.46	28,788,187.46		292
RAILWAYS	298	F/A 15	OCT. 13, 1961	1965-81	5 3/4%	50,000,000.00		1,548,000.00	5,493,000.00	5,243,000.00	42,959,000.00	50,000,000.00		298
POWER	416	M/N 15	JUNE 11, 1965	1971-91	5 1/2%	70,000,000.00	12,000,000.00		350,000.00		57,650,000.00	21,826,578.80	36,173,421.20	416
POWER	417	J/D 1	JUNE 11, 1965	1971-91	5 1/2%	14,000,000.00					14,000,000.00	10,983,651.77	3,016,348.23	417
INDIA GUARANTOR ^a														
COAL MINING - INDIAN IRON & STEEL CO. LTD.	307	F/A 1	DEC. 22, 1961	1967-74	5 3/4%	19,500,000.00		4,020,000.00	400,000.00	400,000.00	15,080,000.00	12,552,133.72	6,947,866.28	307
STEEL - INDIAN IRON & STEEL CO. LTD.	71	A/O 15	DEC. 18, 1952	1959-67	4 3/4%	31,500,000.00	2,297,111.52	28,502,888.48	700,000.00	700,000.00	29,202,888.48	29,202,888.48		71
STEEL - INDIAN IRON & STEEL CO. LTD.	159	A/O 15	DEC. 19, 1956	1960-67	5%	20,000,000.00	54,723.14	18,063,276.86	1,882,000.00	1,882,000.00	19,945,276.86	19,945,276.86		159
STEEL - INDIAN IRON & STEEL CO. LTD.	456	M/N 15	JULY 7, 1966	1971-84	6%	30,000,000.00		899,991.27			29,100,008.73	793,826.63	29,206,173.37	456
STEEL - THE TATA IRON & STEEL CO. LTD.	146	J/D 1	JUNE 26, 1956	1959-71	4 3/4%	75,000,000.00		45,842,000.00	6,282,000.00	6,282,000.00	22,876,000.00	75,000,000.00		146
STEEL - THE TATA IRON & STEEL CO. LTD.	182	A/O 1	NOV. 20, 1957	1960-71	6%	32,500,000.00		10,887,000.00	15,875,000.00	15,525,000.00	5,738,000.00	32,500,000.00		182
POWER - TATA GROUP OF POWER COMPANIES	106	A/O 15	NOV. 19, 1954	1958-74	4 3/4%	16,200,000.00	2,356,679.69	5,835,320.31	1,364,000.00	1,364,000.00	6,644,000.00	13,843,320.31		106
POWER - TATA GROUP OF POWER COMPANIES	164	A/O 15	MAY 29, 1957	1960-75	5 5/8%	9,800,000.00	142,400.82	3,570,599.18	810,000.00	710,000.00	5,277,000.00	9,657,599.18		164
INDUSTRY - I.C.I.C.I.	109	J/J 1	MAR. 14, 1955	1961-69	4 5/8%	10,000,000.00		124,551.48	8,515,448.52		1,360,000.00	9,875,448.52		109
INDUSTRY - I.C.I.C.I.	232	A/O 1	JULY 15, 1959	1962-69	NOTE 6	10,000,000.00		232,269.47	8,241,907.41		1,525,823.12	9,767,730.53		232
INDUSTRY - I.C.I.C.I.	269	M/N 1	OCT. 28, 1960	1963-70	NOTE 6	20,000,000.00		688,892.43	12,154,107.57		7,157,000.00	19,311,107.57		269
INDUSTRY - I.C.I.C.I.	312	A/O 15	FEB. 28, 1962	1964-77	NOTE 6	20,000,000.00		957,081.54	4,086,895.66		14,956,022.80	19,042,918.46		312
INDUSTRY - I.C.I.C.I.	340	J/D 1	JUNE 5, 1963	1965-77	NOTE 6	30,000,000.00	3,066,466.09	4,159,625.57			22,773,908.34	26,933,533.91		340
INDUSTRY - I.C.I.C.I.	414	F/A 1	MAY 28, 1965	1968-83	5 1/2%	50,000,000.00		793,904.08			49,206,095.92	16,272,998.09	33,727,001.91	414
AIRCRAFT - AIR-INDIA	515	J/J 1	SEPT. 19, 1967	1970-83	NOTE 6	25,000,000.00					25,000,000.00		25,000,000.00	515
PORT - CALCUTTA PORT COMMISSIONERS	161	A/O 1	MAR. 5, 1957	1963-65	5 1/2%	5,600,000.00		5,600,000.00				5,600,000.00		161
PORT - CALCUTTA PORT COMMISSIONERS	198	A/O 15	JUNE 25, 1958	1963-78	5 1/2%	29,000,000.00		6,484,000.00	1,163,000.00	1,163,000.00	21,353,000.00	29,000,000.00		198
PORT - TRUSTEES OF THE PORT OF MADRAS	294	M/N 15	AUG. 17, 1961	1966-86	5 3/4%	21,000,000.00	2,162,962.98	342,583.56	1,086,000.00	1,086,000.00	17,408,453.46	18,837,037.02		294
PORT - TRUSTEES OF THE PORT OF MADRAS	199	A/O 1	JUNE 25, 1958	1963-78	5 1/2%	14,000,000.00	3,534,151.40	2,528,848.60	792,000.00	592,000.00	7,145,000.00	10,465,848.60		199
TOTAL						1,065,110,000.00	57,904,789.83	255,212,790.29	109,384,482.66	103,513,516.24	642,607,937.22	873,134,399.18	134,070,810.99	IN

IFC

INDIA - IFC OPERATIONS

(A) Completed Investments

No. of projects - 8 1/
Total amount - \$20.6 million
Loans \$15.5 million
Equity \$5.1 million equivalent
Investments by industry (in \$ million):
Chemical (incl. fertilizer) - 12.62
Steel - 3.30
Machinery and Engineering - 2.55
Electrical - 1.21
Refractory bricks - .89 2/
20.57

- (i) KSB Pumps Limited - 1962 - Poona, Maharashtra; industrial and agricultural pumps; relatively small operation with capacity about 1,000 units/year; total project cost \$630,000; IFC investment \$210,000 all loan, fully disbursed; no participants; foreign collaboration KSB Germany with about 65% of equity; started production 1965, doing fairly well and IFC receiving profit participation equivalent to 10% of distributable profits.
- (ii) Assam Sillimanite 2/ - 1962 - Ramgarh, Bihar; refractory bricks; total project cost \$3.3 million; IFC investment \$886,000, all loan, fully disbursed; no participants; company not very profitable but has not defaulted; no foreign collaborators.
- (iii) Precision Bearings - 1963 and 1965 - Baroda, Gujarat; ball and roller bearings; total project cost \$3.7 million; IFC investment \$651,000 in 2 loans and \$379,000 equity (16% of total equity); Irving Trust participating with 50% of first loan; local sponsors Joshi & Co. and East Asiatic (Danish); foreign collaborators originally Universal American, presently none; company conducting confidential negotiations with SKF (Sweden); company 3rd largest in industry with most diversified product range; using second-hand machinery with some initial problems; generally profit break-even over the years - sales Rs. 11 million/year; recovering after being affected by recession but need new capital and adequate foreign technical collaboration for long-term viability; 1965 maturities postponed one year.
- (iv) Mahindra UGINE Steel - 1964 - Khopoli, Maharashtra; alloy construction steel; total cost of project \$13.4 million. IFC investment \$2.3 million loan and \$996,000 equity (17% of total equity). Continental Illinois participating with 12.5% of IFC investment. Commenced integrated operations May 1968; local sponsors - Mahindra and Mahindra; foreign

collaboration - Uguine Kuhlmann (France) with 12.5% of total equity, leading chemical company and No. 1 alloy producer in France; construction delayed 2 years by land purchase and redefinition of project from 18,000 to 24,000 tons/year when Government decontrolled steel industry; company experiencing marketing problems due to recession and temporary glut of imports but situation improving.

- (v) Fort Gloster - 1964 - Bauria, West Bengal; power and domestic cables and wires (since 1960) and jute (since 1890); total cost of cable expansion project \$3.3 million; IFC investment \$812,000 loan and \$399,000 equity (10% of total equity) fully disbursed; Continental Illinois participating with 12.5% of IFC investment; local sponsors Bangur Brothers Ltd.; foreign technical assistance - British Insulated Callendar Cables without equity or debt participation; company ranks about 10th among cable manufacturers and 3rd out of 33 in jute; cable project commenced production 1966; sales - Rs. 125 million/year; last year incurred losses due mainly to depressed market conditions for cables. Jute division has periodically experienced problems in supply of raw materials. Made some exports mainly to Middle East.
- (vi) Lakshmi Machine Works - 1964 - Coimbatore, Madras; textile spinning machinery; total project cost \$9.5 million; IFC investment \$960,000 loan and \$353,000 equity (9% of total equity); Continental Illinois participating with 11% of IFC investment; local sponsors Devarajulu, former president Cotton Mills Federation; foreign collaboration - Rieter (Switzerland) with 10% total equity; capacity for sales Rs. 30 million/year (approx) presently doing Rs. 15 million/year; had start-up problems but company has highest production and best performance in depressed industry; loan maturities for 1967 postponed one year.
- (vii) Jayshree Chemicals - 1966 - Ganjam, Orissa; caustic soda and chlorine; total cost of project \$6.4 million; IFC investment \$1.05 million debt and \$105,000 equity (8% of total equity), no participants; local sponsors - Bangur Bros. Ltd.; no foreign collaborator but suppliers' credit from Krebs guaranteed by French Government; sales capacity approximately Rs. 18 million/year but actual sales Rs. 5 million in first full year commercial production; relatively small operation, one of 30 in industry; start-up delayed about one year up to October 1967 due to lack of

adequate power connection; operations recently interrupted due to delays in importing spare parts and to labor problems; company request for postponement loan maturities under consideration.

- (viii) Indian Explosives - 1967 - Kanpur, Uttar Pradesh: fertilizer; under construction, substantially on schedule; production expected to start early 1970; capacity 450,000 tons/year urea; total project cost \$82 million; IFC investment originally \$8.6 million (being reduced to \$5.6 million due to expected underrun of foreign exchange cost) and \$2.86 million equity (10% of total equity); National and Grindlays participation in IFC loan \$928,400; project implemented through existing public company in which Imperial Chemical Industries (U.K.) has 51% interest; company presently participating in seeding program the proceeds of which accounted for about Rs. 20 million of total sales of Rs. 92 million for recent year.

B. Projects Under Advanced Consideration.

- (i) Morarji-Kuwait Fertilizer Company - Bombay, Maharashtra. Total cost of project \$42.5 million; proposed IFC investment \$4.0 million in loan and equity; capacity 500,000 tons/year DAP based on imported ammonia, sulphur and phosphate rock; local sponsors - Dharamsi Morarji Chemical Co.; foreign participation - Kuwait Petrochemical Industries; feasibility report by Haldor-Topsoe (Danish) reviewed by IFC; industrial license not yet issued and company encountering difficulty in securing Government sanction of the terms of ammonia import contract; production expected to start in 1971.
- (ii) Zuari-Agro Chemicals (Goa Fertilizer) - Goa: total cost \$70.9 million; proposed IFC investment \$12.1 million loan and \$3.2 million equity (19.2% of total equity); capacity 280,000 tons/year urea, 150,000 tons 28-28-0 compound; local sponsors - Birla Group (14.4% of equity); foreign collaboration - U.S. Steel (36.2% of equity); Board of U.S. Steel has approved project and sponsors are applying for supplementary industrial license for compound; substantial progress made in financial plan with AID, Bank of America and Indian financial institutions participating in addition to Birla and U.S. Steel; target production by 1972.

- C. Projects Under Preliminary Consideration.
- (i) Automobile Products India Expansion.
 - (ii) Biemka Fertilizer.
 - (iii) Burmah-Shell Fertilizer.
 - (iv) Madras Stainless Steel Co.
 - (v) Occidental Chemical Fertilizer.
 - (vi) Salgaocar Iron Ore Pelletizing.
 - (vii) Tinplate Company of India.
 - (viii) West Coast Paper Expansion.

Footnotes

- 1/ Excluding two loan investments, one to Republic Forge Company (\$1.5 million) and another to Kirloskar Oil Engines (\$850,000), which were approved by IFC Board January and April 1959 respectively but were never completed and commitments were subsequently terminated.
- 2/ Originally \$1.36 million but \$478,000 cancelled.

Meetings - Nov. 17-20, 68

Pringl - Rose mark
Moline - Dark center; Submergence best
Kendall - low center

1. The eye level probability that
the program will be successful is 100%
2. The eye level probability that
the program will be successful is 100%
3. The eye level probability that
the program will be successful is 100%
4. The eye level probability that
the program will be successful is 100%

Deputy Prime
Minister

Sunday November 17:

7 - 7.45 p.m. Meeting with the Deputy Prime Minister

Morarji Desai

Morarji Desai, 72 years old, entered the Provincial Civil Service of the Government of Bombay at the age of 22, and was Chief Minister of the State from 1952 to 1956. He was Union Minister for Commerce and Industry from 1956 to 1958 and Union Finance Minister from 1958 to 1963. In 1967 Mrs. Gandhi asked him to join her new Cabinet in his present position. Morarji Desai, in his capacity as Finance Minister, is the principal formal channel for all Bank Group dealings with the Government of India. The Indians have always followed faithfully the one-channel principle prescribed by Article III, Section 2 of the Bank's Articles of Agreement. Therefore, all matters concerning Bank Group operations in India should be discussed with him, at least in the first instance.

Items likely to be raised by Mr. Desai

(1) Consortium Aid Prospects for 1968/69 - At the May Consortium \$1 billion in new aid commitments was thought to be necessary during the current Indian fiscal year, which ends March 31, 1969. So far, only about \$250 million (including \$100 million in debt relief) of non-project aid and somewhat less than \$100 million of project aid has been intimated. To this the U.S. may add approximately \$200 million, but this may well depend on decisions to be taken some months from now by the Nixon Administration. We propose to release \$50 million of IDA money soon after the Canadian action is approved, and the balance of our \$125 million as soon as replenishment permits. Because of recessionary conditions in the Indian economy, import needs appear to be less than estimated last spring, and India may, therefore, be able to squeak through this year, despite the serious shortfall in Consortium aid, without any sharp alteration in the promising economic policies adopted in 1966. The Government has so far maintained the main features of import liberalization despite the uncertainty over aid. (Export earnings have increased this year and may reach \$1.7 billion, just under the previous peak achieved in 1964/65. Imports over the last two years have been of the order of \$2.6 billion, of which foodgrains comprised \$0.9 billion and \$0.7 billion, in 1966/67 and 1967/68 respectively). You may also wish to refer to the forthcoming discussions by the Executive Directors on program lending now scheduled for December 3 and its effect on possible Bank lending for industrial imports.

(2) Further debt rescheduling - With the first year's exercise under way, India will wish to know what further relief is likely. While the prospects of rescheduling a further \$100 million in each of 1969/70 and 1970/71 appear reasonably good, two points should be made: (i) some creditor countries have indicated that they may have difficulty in doing as much as they did for 1968/69 unless Japan and Italy improve their

Mr. Desai

contributions and (ii) there is considerable concern among Consortium members that India should do more to obtain relief from the Eastern Bloc and also restrict her use of credit on "hard" terms. You may wish to inquire if any action has been taken by India with regard to both these issues.

(3) Status of IDA replenishment - A progress report on the Canadian initiative and other prospects would be of interest to the DPM.

Points you may wish to raise

(1) Procurement - This matter has been the subject of considerable discussion over the last year and is one of the main stumbling blocks to project lending in India. It was raised during your meeting with the DPM on October 4, but no conclusion was reached. The question is of immediate operational importance since two projects are about to be negotiated and others cannot even be appraised unless we reach agreement on procurement procedures with the Government of India.

The main difficulty arises from the Government's ban on the import of any item which may be manufactured in India. A substantial file of developments on this issue is available in the Reference Materials.

(2) The Role of Project Lending - You may wish to give emphasis to the Bank/IDA interest in financing projects rather than industrial imports, and our plan to use about half of future IDA funds for India for project lending (including railways and telecommunications programs). If funds available for India are to be fully and properly utilized in the next few years, adequate projects will have to be developed more quickly than in the recent past. In this connection, the Bank has already scheduled exploratory missions to "scout" for projects, e.g. in such fields as irrigation, agricultural credit and highways. In the past, project preparations by India has been poor, and often despite numerous requests from the Bank, information needed before sending an appraisal mission has not been produced in a reasonable time.

(3) Resource Mobilization - You may wish to inquire about the DPM's plans and expectations for the mobilization of resources (domestic and foreign) during the Fourth Plan.

(4) Fertilizer Production - You may wish to inquire about the present status and prospects of India's fertilizer industry. The Reference Materials include recent reports by Messrs. Dodd ("An Outline of Capacity Requirement to Meet Fertilizer Needs in India by 1974," dated October 28, 1968) and Bohr ("India - The Fertilizer Situation as of September 1968," dated September 4, 1968).

Mr. Desai

(4) Karnali River Project - During the Annual Meetings the delegation from Nepal mentioned this large hydroelectric project. You indicated that, when you visited India in November, you would ask the Government of India informally about their attitude toward the Karnali proposal. The DPM visited Nepal some months ago and, according to press reports, discussed the Karnali project with authorities in Kathmandu. The Bank has not been informed officially of the outcome of these talks, which seem to have been inconclusive. You may wish to ask if the GOI proposes to cooperate with Nepal in the implementation of the Karnali project, and if so, whether the DPM sees a role for the World Bank Group in this connection. (India is already a major source of aid to Nepal and has given both financial and engineering assistance in the implementation of several smaller schemes. Generally, the Nepalese resent Indian Colonialism and would like non-Indian technicians to assist them with Karnali). Further information on the Karnali project is provided in the Black Book.

Morarji Desai
Dinner

11/19/28

ICAR: India's first small scale... the paper...

ICAR Centre... all agricultural... - headed by Dr. P. L.

ICAR... SWAMINATHAN... 1. Small scale...

2. Self-sufficient... 3. Self-sufficient...

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Monday, November 18:

10 - 11.30 a.m. Briefing on Agricultural Development Program at the Indian Agricultural Research Institute. (See background note on agriculture).

Director, Mr. M.S. Swaminathan

(A strong background of agricultural, intelligent, & competent) who would be available to the Indonesians on organization as well as technology research.

Age 43. Educated in Madras, The Netherlands and the U.K. (Cambridge Ph.D.). Also University of Wisconsin Faculty 1952-53. Internationally recognized for outstanding work in plant genetics and has won several international awards in this field. Particularly noted for the adaptation of Mexican High Yielding wheat varieties to Indian conditions. His views will be interesting on some of the pest disease and other varietal problems that have been encountered in the high yielding varieties program, especially those of rice and the prospects for overcoming these difficulties on the basis of research programs and the time that may be required for widespread dissemination of further variety improvements. The problems of weather variation and inadequate water control on crop yields might also be discussed in terms of current difficulties and possible solutions.

e) Assume that approximately 50% of plants in III & IV exhibit the white flower phenotype (75:25) of *antirrhinum*.

IV 8 plants will cost £70 making 150 in 1950 - average 450 plants -
 about 60% can be used in the sector and 40% in other sectors
 in private sector but later projects will require additional
 financing from domestic & foreign sources. (see above)
 government financing - (about 20% of the program)
 that will allow us to go for private project (see above)
 of 5/10 this is necessary increasing efficiency
 in the plant sector but use of the plant - on construction
 in the plant sector - approximately 50 plants by '73
 (Plant also financed under Section 145 - Subsidy)
 to the African nations (see above)

Two of *antirrhinum* in plant - 12 plants
 (60% in 1950)

I	1,980,000	20 of <i>antirrhinum</i> in plant - 12 plants
II	1,170,000	20 of <i>antirrhinum</i> in plant - 12 plants
III	1,500,000	9 new projects approved by govt
IV	1,700,000	8 new plants (including 5 plants in 1950)
<u>5,350,000 Total</u>		

3,700,000 Estimated Production in '73/74

37	77 plants
1	4 in 5000 plants sector
8	(including 5 plants in 1950)

11/8/78

Fertilisers

Monday , November 18:

12 noon - 1.00 p.m. Discussions on Fertilisers at Ministry of Petroleum and Chemicals. (See background notes on fertiliser and off-shore oil)

Secretary, Mr. P.R. Nayak.

Age 57. Joined the ICS in 1935. Educated in Madras, Glasgow and London. His prior positions in the Government include Commissioner of the Bombay Municipal Corporation, Commissioner of the Delhi Municipal Corporation, Managing Director of Indian Refineries Limited, a Government corporation, and Chairman of the Oil and Natural Gas Commission.

His views concerning causes for delay in the construction of new capacity especially procurement problems and causes for delays in arriving at satisfactory agreements for new fertiliser plants in the private sector would be interesting. A particularly glaring case of delay has been that of the proposed Tata fertiliser project of which Nayak and his Ministry are said to have been strong supporters. ✓

It would be useful to ask what steps are being taken to improve the efficiency of management of the Fertiliser Corporation of India (a government enterprise) ✓

It would also be interesting to have his views on the state of plans to increase oil exploration - in particular, the prospects for a decision on a program of off-shore drilling. ✓

Nayak and his Ministry have been handicapped by the decline in political favour of the former Minister, Asoka Mehta, who resigned recently on the ostensible grounds of disagreement on the position taken by the Government in the UN Security Council over the Soviet invasion of Czechoslovakia.

2/56 was in Alaska in international project team for the same. The project was a study of the effects of the atomic bomb on the people of Hiroshima and Nagasaki. The project was a study of the effects of the atomic bomb on the people of Hiroshima and Nagasaki. The project was a study of the effects of the atomic bomb on the people of Hiroshima and Nagasaki.

35-402-... which took 2 1/2 years in the mid-60s in the West. The project was a study of the effects of the atomic bomb on the people of Hiroshima and Nagasaki. The project was a study of the effects of the atomic bomb on the people of Hiroshima and Nagasaki.

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To support this a very large domestic effort was necessary. The project was a study of the effects of the atomic bomb on the people of Hiroshima and Nagasaki. The project was a study of the effects of the atomic bomb on the people of Hiroshima and Nagasaki.

The project was a study of the effects of the atomic bomb on the people of Hiroshima and Nagasaki. The project was a study of the effects of the atomic bomb on the people of Hiroshima and Nagasaki. The project was a study of the effects of the atomic bomb on the people of Hiroshima and Nagasaki.

1. Need financing for public school projects... 2. Need financing for public school projects... 3. Need financing for public school projects...

Planning Commission

Then does not have an integrated water policy -
panels, plus a section of the Planning Com. are working on
approaches to a national plan & policy - "a great deal of
work is going on under the direction of the State govt. &
under the Ford Foundation".

Their agricultural policy is "independently conceived" & is not
tied to fertilizer use or optimum cropping patterns
alternatives
1) 3 yr. term use of fertilizer may be limited by availability
which is given 1st priority for investment -
2) 2nd priority req. is for non-project aid -

3) Industrial investment: petro-chemical, wood-pulp

4) Port development

5) Financing of local comm. component of metropolitan projects (water
supply for example) - they would be very high in their total
investment plan -

4th yr plan growth rates: agri 5.2; indus 10.2. overall 5.52 to 6.2. exports 7.2 -
growth with stability is the objective of the plan - this yr are
setting aside \$10 million for food-grain buffer stocks -

Have not yet a powerful instrument for tying agriculture -
believe that because the Center's assistance is fixed for 5 yrs
at the beginning they place pressure on the States & develop
new agri. to help support allow expansion of their own
investment plans

Last yr the Natl. Devl. Council withdrew a large amt of agri. subsidies
Rural credit institutions can be expanded to support incremental
sugar with "reasonable" use of sugar, e.g. sugar mill, fertilizer, etc.
etc. in addition new institutions, e.g. introduction of
rural branches of private commercial banks are being encouraged -

Monday, November 18:

4.15 - 5.45 p.m. Meeting with Deputy Chairman and Members of the Planning Commission. (See background note on Fourth Plan problems.)

Deputy Chairman, Dr. D.R. Gadgil

Age 67. Educated in India and the U.K. (Cambridge). He was appointed Deputy Chairman of the Planning Commission in the latter part of 1966 after the position was reduced from Cabinet to non-Cabinet status. Prior to that he was with the Faculty of Gokhale Institute of Politics and Economics and has a long record of leadership in educational, financial and cooperative activities. These have included the Bombay State Cooperative Bank, the Industrial Finance Corporation, the Reserve Bank of India, the Maharashtra State Cooperative Bank, and a number of Committees and Commissions dealing with rural credit, village and small industries and foodgrains policy. The cooperative movement has been one of his keenest interests and reflects his personal concern with economic democracy and with welfare considerations in economy policy. He combines this with a practical and pragmatic approach to economic problems, which at times must present some difficulties of reconciliation. One such recent case has been his opposition to the Tata fertiliser project, reportedly on grounds of concern over excessive economic concentration but possibly because a large factory sponsored by the cooperatives is also being built in the same general area, which already has another large factory (owned principally by Gujerat State).

Planning Commission Members:

Pitambar Pant

Age 49. Educated in India and with the Planning Commission since 1954. He was private secretary to Jawaharlal Nehru in his capacity as Chairman of the Planning Commission from 1954 - 1957. Since then he has been in charge of "Perspective Planning" for the Planning Commission. He continues in charge of the perspective planning staff along with his position as Member of the Commission. He is an able and effective advocate of centralised planning on the basis of quantitative economic targets and quantitative programs to achieve those targets in accordance with input-output relationships. Because of this he is often blamed for past "over-industrialization", i.e. excess capacities and inefficiencies in industry, particularly in the public sector, which have developed as the industrial process and industrial inter-relationships have diverged widely from Plan expectations. He is, therefore, now in the midst of controversies with those in the Commission (and outside) who argue for planning in terms which are less precise, less preoccupied with specific quantitative targets and more flexible in the sense of minimising commitments to irrevocable long gestation industrial investments and allowing maximum possibility for year by year adjustment in the program. He is also in the forefront of the controversy over Plan size, arguing for greater efforts to increase the rate

of investments, to mobilise domestic resources, and to increase exports - a questionable approach given what is presently known about the level of domestic and foreign resources likely to be available. He usually manages to mobilise a persuasive set of data in support of his positions and is therefore an effective adversary.

R. Venkataraman

Age 58. A Brahmin landowner turned labour lawyer in the Independence movement, was jailed for two years and was one of the lawyers defending Indian nationals participating in the Indian National Army (the anti-British military movement of Subhas Chandra Bose during World War II). Was in Parliament from 1950-57 and then left to become Minister of Industries in the Madras Cabinet. He has frequently been a member of the Indian delegation to the United Nations General Assembly. He had an impressive record of industrial promotion in Madras, and although an outspoken socialist Venkataraman is also considered a strong supporter of private industrial development. His focus is on the particular industry rather than the matrix of inter-industry relationships. He also is skeptical of the target approach to industrial planning and prefers to think of planning as the formulation of rather broad perspectives with particular investment decisions left to individual enterprises. After the disappointments of the Third Plan his approach is probably now in greater favour than that of Pitambar Pant, although it is too soon to say toward which side the new Fourth Plan will lean.

Burra Venkatappiah

Age 61. Educated in Madras and at London University. Joined the ICS in 1932. Has been Finance Secretary in the then Bombay State, Deputy Governor of the Reserve Bank of India and Chairman of the State Bank of India. He has been on a number of Commissions dealing with financial problems, particularly in agriculture, and is the Chairman of a Commission which has been working for some time now on agricultural credit problems. His speciality on the Planning Commission is agriculture, in which he has an extensive background; Venkatappiah is particularly interested in rural electrification and in the improvement of agricultural institutions, e.g. cooperatives, credit arrangements, etc. His views, however, do not always take full account of the practical difficulties and limitations of administrative capabilities and seem therefore often rather impractical and vague.

B.D. Nag Chaudhari

Age 61. Educated in Uttar Pradesh and at the University of California. (His Ph.D. dissertation was in the field of nuclear physics.) His experience has been in research in physics and in the administration of such research as Director of the Saha Institute of Nuclear Physics. This institute is run jointly by the Department of Atomic Energy in the Government and Calcutta University. His particular subject in the Planning Commission is scientific research, and his preoccupations appear

to be fairly narrow without much involvement in the broader issues of Plan size and Plan approach.

B.D. Pande, Secretary, Planning Commission

He came to the Planning Commission in 1967 after thirty years in the Indian Civil Service with assignments which have included state finances, state development programs, community development and public finance. Just before coming to the Planning Commission Pande was Chairman of the government-owned Life Insurance Corporation. He is considered among the most able senior administrators in the Civil Service.

Chandrasekhar

In past 3 yrs, 50% of world's sterilizations + loop insertions have occurred in India

Pop. Pol. in India has support of all parties - political parties from extreme left to those of a strong support the program - optimum contraceptive not available -

In next 5 yrs a great mortality may drop from 98 to 70 per 1000 - a major problem is ~~to~~ to communicate with 100 million couples in the reproductive age -

Disincentives - a state prerogative - different states are introducing recently introduced - tentative judgement is favorable - [problem of penalizing the child] -

Public attitude has completely changed in 20 yrs - no longer thought of as foundation of minority, destroyer of family, etc.

Hardcore 4.5 sterilizations, has prevented 10 million births; 20 million loops with 3 births saved per loop; the failure of the loop campaign is result of lack of woman doctors to give pre & post insertion examinations -

Are working on legalization of termination of pregnancy bill - will not reduce birth rate but death rate = 4,000,000 illegal abortions done in India per yr - hope to use Masew pump - most effective non-surgical approach would be to raise marriage age: hope to obtain legal approval of this - if all girls married at 20 or above would cut births in 20 yrs by 5% - No. of school yrs completed correlates with rate of birth; also rate of change of income, urbanization; change in religious attitude, putting premium on son; change in predictability of survivability of children to provide old age protection; Today social science methodology (anthro, etc) if understood, would permit acceleration of rate of decrease in birth rates -

Monday, November 18:

6 - 6.30 p.m. Meeting with the Minister of Family Planning. (See background note on Population)

Singh - Amin Minister
Minister, Dr. S. Chandrasekhar

Age 50. He has advanced academic training and subsequent experience as a demographer including Director of Demographic Research for UNESCO, Director of the Indian Institute for Population Studies and visiting Professor of Economics at the University of Pittsburg, and of Demography at the University of California (Berkeley 1964-65). He was also President of the first All India Family Planning conference in Bombay in 1951 and has several publications on population and family planning. He is thoroughly devoted to the family planning effort in India although he is not considered a particularly good organiser and administrator which accounts for reported disagreements between the Minister and the Secretary, Mr. Govind Narain.

Mr. Govind Narain, Secretary, Family Planning Division

Age 49. Educated in India and England. Also considered one of India's most able civil servants. Previous assignments have included Director of the State Trading Corporation of India and Chairman of the Minerals and Metals Trading Corporation. He has a detailed knowledge of the progress and difficulties of the family planning program and can give a very interesting account of what has been achieved and the obstacles encountered. Recently, it has been reliably reported that he will soon leave Family Planning for a new assignment in the Defence Department; he has served three years in his present job, which would be par for the course under present government practices. Govind Narain's transfer at this time would be an unfortunate blow to the family planning effort, especially since the United Nations mission is due to review the Indian program early next year.

Economic
Secretaries

November 18:

6-45 - 7.30 p.m. Meeting with Cabinet Secretary and Secretaries of Commerce, Industrial Development and Finance.

Mr. D. S. Joshi, Cabinet Secretary

Age 60. Educated in law at Bombay University. Member of the ICS since 1932. Former position Textile Commissioner and Secretary to the Ministry of Commerce.

Mr. K.B. Lall, Secretary, Ministry of Commerce (See background note on export problems)

Age 53. Educated in Delhi and at Oxford. Entered the ICS in 1937. Was first involved in commercial affairs as Controller of Imports and Exports in 1953-54. Has a wide experience in international negotiations and representation of India in international trade conferences, including those of ECAFE, GATT and UNCTAD. He spent 1962-66 in Belgium as Minister in charge of Indian economic relations with EEC and other countries of Western Europe, and was Chairman of the GATT meeting in 1966. He has led trade delegations to the U.S.S.R. and other East European countries. Considered a leader and spokesman for LDC's at both UNCTAD conferences, Lall was the Deputy and de facto leader of the Indian delegation at the abortive UNCTAD conference here this past March and had a considerable part in avoiding a conference breakdown. He has a very broad knowledge and experience in India's international trade problems but probably has insufficient time for adequate concern with the numerous details of Indian trade problems because of his preoccupations in the international conference field.

Mr. N.N. Wanchoo, Secretary, Ministry of Industrial Development and Company Affairs

Age 58. Educated in Lahore and also in the U.K. (Cambridge). Entered ICS in 1934 and before his present assignment he was Controller General of Defence Production and Secretary of the Ministry of Iron and Steel. He is not particularly impressive in his knowledge of industrial problems or his role in the conduct of industrial policy. It would be interesting, however, to hear his views on industrialisation priorities. Wanchoo is the Chairman of the Corporation responsible for the large public sector steel plant which is under construction at Bokaro.

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Monday, November 18:

8.30 p.m. Dinner with the Prime Minister

Mrs Indira Gandhi

Her birthday is November 19, the day following this dinner. She will be 51. She was educated at various Indian Universities, in Switzerland and at Oxford. She has been interested and active in politics all her life: she took an active part in the India League headed by V.K. Krishna Menon, played an important role in the 1937 elections and was imprisoned for 13 months during the 1942 "Quit India" movement; she has been active in elections and village mass contact work with a particular interest in the rights of women; under Mahatma Gandhi's direction she worked in the riot affected areas of Delhi in 1947. After Independence in 1947, she became her father's hostess and later his closest political aide, and occupied this unique position for 17 years. In 1964, after the death of Nehru, she became Minister for Information and Broadcasting (until January 1966). She was elected to the Rajya Sabha in 1964 and to the Lok Sabha in 1967. Mrs Gandhi has been Prime Minister since Shastri's death at Tashkent in January 1966. Morarji Desai was her main rival for the succession, and it is generally thought that, while they work closely together, there is no great personal warmth or trust between them; this aggravates our situation in so far as the Finance Minister is responsible for India's relations with the Bank and also because he generally leans more towards the West than the Prime Minister.

Items likely to be raised by Mrs Gandhi

(It is entirely possible that Mrs Gandhi will leave all the substantive discussions to the Deputy Prime Minister. However, the following points might come up.)

1. Eastern Waters - This subject was discussed when certain members of India's delegation to the Consortium met with you last May. At that time you asked that your concern over this matter be transmitted to Mrs Gandhi. Though discussions on this topic, and particularly on the Farakka Barrage, took place last May-June between officials of India and Pakistan, no progress has been achieved. Pakistan's proposal that the assistance of an international organization, such as the Bank, should be obtained was not acceptable to India, as India considered that Pakistan's interests would not be affected by the construction of Farakka. In October 1967 Mr Woods urged Mr Uquaili that President Ayub should approach Mrs Gandhi for the purpose of getting substantive discussions started. No approach has yet been made, so far as we know.

2. The climate for aid - Mrs Gandhi would be interested in the prospects for aid, especially since the Government must finalise a Five-Year Plan during the next few months. She may not realize how very hostile the U.S. Congress has become toward the foreign aid program and particularly

toward aid to India. In the Spring of 1966, when the Managing Director of the International Monetary Fund (with the concurrence of Mr Woods) advised her to devalue Mrs Gandhi was told that the prospects for aid were not good unless major and recognizable changes, of which devaluation become a sort of symbol, were adopted in the field of economic policy. Many improvements in policy were adopted in 1965 and 1966, and these were generally acclaimed by Consortium members, including the Bank. Nevertheless the climate for aid has continued to deteriorate over the last two years. A constructive public relations program by the Indian Government might help improve aid prospects; however, in the immediate future, realistic planning in India can only be based on a gloomy outlook for the next year or two and considerable uncertainty regarding the more distant future.

3. The Pearson Commission - Mrs Gandhi may be interested in hearing how the Pearson Commission has been organized and what results you expect from it.

4. Family Planning - Mrs Gandhi may ask what the Bank Group plans to do in the family planning field and will undoubtedly welcome your questions on India's own program.

Tuesday, November 19:

8.40 - 11.15 a.m. Visit to Uttar Pradesh Agricultural University

The Uttar Pradesh Agricultural University is located in Pantnagar, in the heart of the productive Tarai belt of Western Uttar Pradesh. It was established on the pattern of the U.S. land grant colleges. One of its main objectives is "to bring the results of science to the cultivator", a much neglected aspect of Indian agricultural policy until 1965. There are seven other agricultural universities in India which also receive support from USAID. Other States (including Maharashtra) plan to set up similar institutions to strengthen the link between research, extension and higher agricultural education.

Since its inception in 1960, the Uttar Pradesh Agricultural University has achieved a position of eminence throughout India as an active research center. It has also had considerable influence on farming in the Tarai area by providing extension services to the neighbouring farmers. It owns a 10,000 acre farm, being run at a substantial profit.

The University runs a seed production program. It controls seed processing facilities with a current capacity of 15,000 tons per annum. It markets its output under its own label which fetches a premium in the seeds market. The Seeds Project, for which World Bank financing is under consideration, was formulated with the help of the Uttar Pradesh Agricultural University which will be a major shareholder of the proposed Tarai Development Corporation.

The objective of the project would be to increase agricultural production by expanding the availability of seeds of high yielding varieties of foodgrains. The project would, at full development after five years, service some seven million acres annually.

Under the project local adaptations of high yielding dwarf wheat varieties, new hybrids of maize, sorghum and pearl millet and high yielding rice varieties would be grown for seed. Seed production involves its own specialised technology in both production and processing which must be developed and perfected under Indian conditions if a reliable product is to be marketed for purchase by farmers. The project would seek to promote the development of some 46,000 acres from which, with double cropping and adequate fertilizers, about 46,000 tons of high quality seed would be produced, processed and sold each year at full development. On-farm development for seed production would entail provision of tubewell irrigation, land levelling, installation of underground water distribution systems in the fields and more intensive mechanization of farming operations. This development would be made possible by provision of credit to suitable farmers through the State Bank of India (SBI). Seed produced from farmers' holdings would be processed in two plants to be built and operated by the Tarai Development Corporation (TDC) in the project area. TDC, a private company whose membership would include farmers, the National Seed Corporation (NSC), the Uttar Pradesh Agricultural University (UPAU) and commercial organizations, would also be responsible for marketing seed and for provision of other services to seed producers.

The visit to the Agricultural University will be guided by the Dean of

the University, Mr. Rao and Mr. Paliwal, a brilliant young scientist who manages the University's seed production department. The Vice Chancellor of the University, Mr. D.P. Singh, is currently in the United States where he is expected to stay until negotiations for the proposed Bank loan are completed.

On the trip from Delhi to Pantnagar and return the party will be accompanied by Dr. B.P. Pal, who is the Director General of the Indian Council of Agricultural Research. He has a Doctorate from Cambridge and has a long and internationally distinguished record in the fields of plant breeding and genetics. He was the Vice President of the Twelfth International Congress of Genetics in Japan and is a member of the Lenin Academy of Agricultural Sciences in the U.S.S.R.

Tuesday, November 19:

4.30 - 5.30 p.m. Meeting with Industrialists

The following will probably be included in the group:

✓ Bharat Ram

Chairman of Delhi Cloth Mills which includes not only textiles but also substantial interests in chemicals (including a new fertilizer plant) and engineering products. Mr. Ram is also Chairman of the Government-owned Indian Airlines.

G.L. Bansal

Secretary General of the Federation of Indian Chambers of Commerce and Industry. He has been with the Federation for a long period and is well informed on industrial conditions and relations between private industry and the Government. He also had a period in politics as a Member of the Lok Sabha during the 1950s. He has attended a number of international conferences, including ECAFE, ILO, GATT and UNCTAD. In 1953 he visited the U.S. under the U.S. Government's leader-specialist program.

✓ Gujar Mal Modi

Currently President of the Federation of Indian Chambers of Commerce and Industry. He is a self-educated man and founder of the Modinagar industrial complex, not far from Delhi, which includes textiles, margarine, soap, glycerine and other like manufactures. He is also in sugar refining. He is a member of the State Planning Board of Uttar Pradesh.

Arvind Mafatlal

The head of the Mafatlal group of industries which is one of the more dynamic and enterprising industrial groups in the private sector. They have a number of textile plants, three chemical units, a jute mill, a plywood factory, and recently have inaugurated one of the largest petro-chemical installations in India (the National Organic Chemical Industries Limited).

Keshub Mahindra

Chairman of Mahindra and Mahindra which manufactures jeeps, tractors, alloy steel, textile machinery and diesel engines. He is also associated with the Indian operations of Union Carbide and Remington Rand. Another of the very active entrepreneurs in the private sector.

H.V.R. Tengar

Has been active since 1962 in private industry (the E.I.D.-Parry group of industries and Indian Aluminium Limited) after a long and distinguished career in the ICS. His positions have included Governor of the Reserve Bank of India, Chairman of the State Bank of India, Secretary of Commerce and Industry, Home Secretary, Foreign Secretary and Private Secretary to Nehru.

Sec 1st priority in educational section of 4th Plan is to advance universal education; requires emphasis on teacher training.
Have started an adult literacy program pilot project: 40 lessons over 3 mos for functional agriculture literacy effort vs. rural adult - need to apply to 100,000,000 people
Propose to "vocationalize" grades 8 thru 10 -

Tuesday, November 19:

5.45 - 6.15 p.m. Meeting with the Minister of Education. (See background note on Education.)

Dr. Triguna Sen, Minister of Education

Trained in Engineering with a Doctorate from Munich in Hydro-mechanics. He has had experience in banking as well as education and also served for two years as Mayor of Calcutta in 1958 and 1959. He has been Education Minister since 1967. Before that he was Vice Chancellor of Benares Hindu University.

On the subject of possible Bank Group Education projects the Government of India has been asked on several occasions in recent years whether it would be interested in Bank Group financing for projects in the field of education. So far, India's reply has been negative, probably for two major reasons: (i) GOI has always considered projects with large direct foreign exchange requirements to be more suitable for Bank Group financing and (ii) the relatively small amounts of foreign exchange needed for education projects have been provided amply from bilateral aid and foundation grants. Education was therefore not included as a probable field for lending in the June projections.

During this year's Annual Meetings, C.S. Swaminathan, Joint Secretary in the Ministry of Finance - Department of Economic Affairs - met with Duncan Ballantine and other staff members. Swaminathan suggested that now, with the Bank's new emphasis on education and the modified policies on local currency financing, it would be appropriate for his Department to become more familiar with the Bank Group's activities in the education field. If in view of this interest a suitable project can be identified (which is probable considering the rapid expansion of educational facilities contemplated for the Fourth Plan period), the Five Year Projections would be modified accordingly.

Because of India's size, it will not be possible to make a study of the entire education system before priorities are established. Ballantine urged Swaminathan to consider the entire range of educational institutions for Bank Group assistance, including especially agricultural and technical colleges, experimental projects in primary education and research institutions, but also educational television and perhaps even the communications satellite project. New facilities would qualify just as well as the expansion of existing institutions. It was also explained that in establishing priorities, the Bank Group would consider the project's impact on economic development as the decisive criterion.

I.G. Patel
Dinner

Kosi Agric.
Project

[Faint, illegible handwritten text, possibly bleed-through from the reverse side of the page]

Doug E
Don't give CMPP a dime until the Center gets come thru with its promised contribution - ③
10 crores or 30 million rupees
The 4th 5th Plan was estimated to cost 100 crores, later cut to 50 or 60 - 4th Plan not initiated & Bengal need in '66 + '67 3 1/2 crores per yr - totally inadequate.

Wednesday, November 20:

11.05 a.m. Fly to Purnea, Bihar - Visit to Kosi Agricultural Project area.

The Kosi is a major tributary of the Ganges in North Bihar. It is known as the "River of Sorrow" because it often overflows its banks and changes its course. In 1957, construction of a large concrete dam and associated flood embankment works was initiated. Canal construction was started two years later. One of the canals on the eastern bank is now complete. It commands an area of about 1.3 million acres. Another canal expected to command 0.4 million acres is tentatively scheduled for completion in 1970. About Rs.660 million (US\$88 million equivalent) has already been spent on the project. In addition to its irrigation benefits, the project is expected to help harnessing the Kosi floods and produce 20,000 KW of power, half of which, for Nepal.

Kosi is one of the several large and costly irrigation schemes for which full benefits have yet to be realized. The irrigation system so far completed commands an area of approximately 1 million acres. In order to ensure the coordination of the various public actions required to make full use of the irrigation water, a special development commissioner has been appointed and appropriate committees created at the district and state levels. Two districts of Bihar are involved - Purnea and Saharsa.

Land levelling and drainage works are required to complete the irrigation system. A credit scheme to provide long term loans to farmers for land shaping has been sanctioned by the Agricultural Refinance Corporation, the Reserve Bank's long term credit agency for agriculture. On some high patches of land which cannot be reached by gravity irrigation, groundwater development will be undertaken, half of which by private tubewells. An estimated 760,000 tons of commercial fertilizer would be required over a four-year period to make full use of the irrigation water. Plant protection centers, seed production facilities, work shops etc., also need to be set up. Extension programs in the area are strengthened. Finally, road construction (340 miles) and storage facilities are expected to be required to facilitate marketing of produce in the project area.

The main benefit expected from the Kosi project is the expansion of double cropping in an area traditionally devoted to single cropping. Mexican wheat has already been introduced and it is expected that about 600,000 acres may come under this crop when the area is fully developed. Higher yields of paddy and jute should also result from more assured irrigation as well as from improved availability of high yielding seed, fertilizer and plant protection supplies.

The party will include Mr. B. Sivaraman, Secretary of the Departments of Agriculture, Community Development and Co-operation.

Biographical note: Mr. B. Sivaraman

Age 56. He is a member of the ICS. Former positions in the State Governments of Bihar and Orissa and Chairman of the Bombay Port Trust. Moved from Chief Secretary of Orissa to his present position in May, 1965. He was the key figure in persuading Prime Minister L.B. Shastri (through

Subramaniam, who was then Minister of Food and Agriculture) to adopt "the new agricultural strategy". The new policy emphasized fertilizers and high-yielding varieties of seed; it also aimed at breaking the monopoly which the cooperatives had held until then in the field of agricultural credit. Mr. Sivaraman has headed numerous government committees, including the Committee on Fertilizers which issued a pioneering report in 1965.

In 1965/66 Mr. Sivaraman had hoped that Bank Group financing would be available for some fertilizer imports. He was very disappointed when Mr. Woods declined direct financing of fertilizer imports until substantial progress had been made in bringing new fertilizer manufacturing projects under construction. He has never fully appreciated how much financing IDA has provided for materials needed in fertilizer production, such as sulphur and rock phosphate, through the industrial imports credits (more than \$40 million out of \$215 million in the last two credits).

Mr. Sivaraman was also disappointed when we decided about a year ago, after three years of infructuous preparatory talks, to discontinue discussions on the proposed financing of tubewells in two districts in Uttar Pradesh.

Mr. Sivaraman is one of the most able men in the Indian Civil Service. He is shy and a little hard to get started, but has the courage of his convictions, plenty of imagination and a rare willingness to experiment. It is expected that he will shortly leave Food and Agriculture to become Cabinet Secretary, which is in effect chief secretary for the Union Government.